

National Context Effects In the Transfer of HRM Practices From Headquarters of Western MNCs to their Ukrainian Subsidiaries

Thesis

presented to the Faculty of Economics and Social Sciences
University of Fribourg (Switzerland)

by

Olga A. Novitskaya
from Rougemont VD

in fulfillment of the requirement for the degree of
Doctor of Economics and Social Sciences

Accepted by the Faculty of Economics and Social Sciences
September 26th, 2016 at the proposal of
Prof. Dr. Eric Davoine (first supervisor)
Prof. Dr. Dirk Morschett (second supervisor)

Fribourg, Switzerland, 2016

The Faculty of Economics and Social Sciences of the University of Fribourg (Switzerland) does not intend either to approve or disapprove the opinions expressed in a thesis: they must be considered as the author's own (decision of the Faculty Council of 23 January 1990).

Acknowledgment

There are many people who have contributed to my thesis, and without their support it would not have been possible for me to complete it.

First of all, I would like to thank my principal supervisor, Prof. Dr. Eric Davoine, who believed in my potential and provided me with the opportunity to enter the academic world. He patiently led me through the difficulties of acquiring an understanding of academic expectations and standards, all of which was somewhat different compared to what I was familiar with from my business background. I am deeply grateful for his efforts in obtaining a grant from the Swiss National Fund and in supporting the development of international academic partnerships. His introductions to leading universities and business schools played a vital role in my research and have opened new opportunities to me.

I am also very grateful to my second adviser, Prof. Dr. Morschett, whose participation, input and advice facilitated many research activities, raised ideas, and solved many doubts during my research and in the associated projects. He was always proactive with respect to any organizational and research issues, and his positive attitude, tolerance, and clear vision inspired me during the difficult moments.

Fribourg University and its administration have been very helpful to me by providing access to a strong academic platform with all needed materials including scientific literature. I am truly proud of being a part of such institution, where both the people and the facilities are of highest standard.

Our institutional partners, the business schools in Russia (Mirbis) and Ukraine (kmbs), significantly contributed to the process of data collection in the studied countries. Their established connections with businesses in those countries provided field access which would have been impossible without them. Among many other people involved in the project, I would especially like to express appreciation for the efforts by Anna Voronina and Katerina Batsenko who both personally contacted most of the enterprises and arranged interviews with the HR managers.

And finally, I would like to dedicate special thanks to my husband. Without him, I would not have been able to dedicate so much of my time to scientific research. He supported me from the very first step of applying for acceptance to the Doctoral studies program, and further through reading my papers and financially supporting my scholarly and research activities.

TABLE OF CONTENTS

List of Figures.....	vi
List of Tables	vii
I. INTRODUCTION.....	10
II. RESEARCH BACKGROUND AND THEORETICAL APPROACH.....	18
2.1. Research topic insight.....	18
2.2. Research Avenues and identification of a gap in scientific literature.....	27
2.3. Theoretical approach as the main original contribution	44
2.4. Theoretical assumptions.....	46
2.5. Synthesis of the Framework	54
III. NATIONAL CONTEXT OR HOST COUNTRY EFFECTS	58
3.1. Historical Insight	58
3.2. The USSR and the Common Path of Russia and Ukraine.....	60
3.3. Post-USSR Capitalism in Russia and Ukraine	61
3.4. Business System in Russia.....	66
3.4.1. Institutional features	66
3.4.2. The Business System Characteristics	69
3.5. Business System in Ukraine.....	73
3.5.1. Institutional features in Ukraine	74
3.5.2. The business system characteristics in Ukraine.....	76
3.6. Comparative Institutional Analysis of Russia and Ukraine.....	77
3.7. Cultural Differences in Russia and Ukraine	79
3.8. Local HRM Practices in Russia and Ukraine.....	81
3.9. The Chapter Synthesis.....	86
IV. MNCS AND TRANSFER OF HRM PRACTICES TO RUSSIA AND UKRAINE.....	87
4.1. Foreign Direct Investments in Russia and Ukraine.....	87
4.2. Barriers to the Transfer of Western HRM Practices	89
4.3. Influencing Factors on HRM Practices in Host Environments	92

4.4.	Hybrid Model of HRM Practices in Russia.....	97
4.5.	Hybrid Model of HRM Practices in Ukraine.....	103
4.6.	Comparative Analysis of HRM Practices in Russia and Ukraine.....	106
4.7.	Home-Country Effects.....	107
4.7.1.	The US model and possible home-country effects in US MNCs	107
4.7.2.	The German model and possible home-country effects in German MNCs.....	108
4.7.3.	The French model and possible home-country effects in French MNCs	109
4.8.	Comparative Analysis of Host and Home Country Effects.....	110
4.9.	The Chapter Synthesis.....	114
V.	RESEARCH DESIGN	115
5.1.	Conceptual Framework and Propositions.....	115
5.2.	Research Strategy and Methods	122
5.2.1.	The research philosophy.....	122
5.2.2.	The research approach and purpose.....	124
5.2.3.	The research strategy and method.....	125
5.2.4.	Validity and reliability of the data.....	127
5.2.5.	The empirical field.....	128
5.2.6.	The data collection process.....	131
5.2.7.	Limitations and biases in data collection process.....	135
5.3.	Mixed-Model Approach to Data Analysis.....	139
5.3.1.	The qualitative data	140
5.3.2.	The quantitative data.....	141
5.3.3.	Secondary data.....	146
VI.	ANALYSIS OF EMPIRICAL DATA	147
6.1.	Explorative analysis of HRM practices and influencing factors in Russian subsidiaries	147
6.1.1.	Internal barriers or facilitators of transfer of HRM practices to Russian subsidiaries....	147
6.1.2.	Localized HRM practices at Russian subsidiaries and national context effects	153
6.1.3.	Disintegrated HRM practices at Russian subsidiaries and national context effects.....	154
6.1.4.	Standardized HRM practices at Russian subsidiaries and national context effects	157
6.1.5.	Summary	160
6.2.	Explorative analysis of HRM practices and influencing factors in Ukrainian subsidiaries	161
6.2.1.	Internal barriers or facilitators of transfer of HRM practices to Ukrainian subsidiaries	162
6.2.2.	Localized HRM practices at Ukrainian subsidiaries and national context effects.....	180
6.2.3.	Disintegrated HRM practices at Ukrainian subsidiaries and national context effects....	183
6.2.4.	Standardized HRM practices at Ukrainian subsidiaries and national context effects.....	191
6.2.5.	Summary	205
6.2.6.	Comparative Analysis of Russian and Ukrainian Subsidiaries.....	208

6.3. Internal factors on the standardization of HR practices in Ukrainian subsidiaries.....	212
6.3.1. Descriptive statistics: survey in Ukraine	212
6.3.2. Statistical analysis of survey in Ukraine: the impact of internal factors on standardization of HRM practices.....	221
VII. DISCUSSION.....	230
VIII. CONCLUSIONS	238
Contribution.....	241
Limitations and further research recommendations.....	241
REFERENCES	244
ATTACHMENTS.....	256
Appendix 1. Interview guide (example for US company)	256
Appendix 2. The Initial Empirical Study Questionnaire.....	259
Appendix 3. Shortened Empirical Study Questionnaire.....	269
Appendix 4. Selected cases: analyzing Ukrainian host country effects.	275
Case study #1: USM.....	275
Case study # 2: US Mi.....	292
Case study # 3: US I.....	306
Case study # 4: US P.....	319
Case study # 5: German R.....	327
Case study # 6: German H.....	342
Case study # 7: German M.....	355
Case study # 8: French S.....	372
Case study # 9: French Al.....	379
Case study # 10: French A.....	387
Appendix 5. Statistical analysis of survey in Ukraine	397

List of Figures

Figure 1: Market Development and Regional Integration in Central and Eastern Europe	10
Figure 2. Key influences on the MNCs HRM practices abroad	20
Figure 3. The institutional perspective on HRM.....	21
Figure 4. Internalization strategies of MNCs.....	22
Figure 5. Organizational structure in MNCs	24
Figure 6. Organizational structure in terms of business units within HQ and subsidiaries	24
Figure 7. Transfer of HRM practices from MNC headquarters to their overseas subsidiaries.	26
Figure 8. Business Systems Approach	47
Figure 9. Applied conceptual model	54
Figure 10. Evolution of the Multinational enterprise	55
Figure 11. Russian state-managed network capitalism	63
Figure 12. Characteristics of the Russian business context	73
Figure 13. FDI in Russia	87
Figure 14. FDI in Ukraine	88
Figure 15. Comparison of FDI in Russia and Ukraine.....	88
Figure 16. Applied Conceptual Model	116
Figure 17. National context effects	117
Figure 18. Cultural influence	119
Figure 19. Impact of internal factors.	121
Figure 20. The research onion	122
Figure 21. Hypotheses: internal factors influencing the HRM at subsidiaries of Western MNCs	144
Figure 22. The type of foundation in studied companies	213
Figure 23. The education and foreign experience among HR managers.....	214
Figure 24. Strategies among studied companies	215

List of Tables

Table 1. Origin of Studies (by location of authors' institutions)	28
Table 2. Overview of the most relevant literature to research topic in Russian context	33
Table 3. Overview of the most relevant literature to research topic in Ukrainian context	41
Table 4. Key dimensions of business systems	48
Table 5. Characteristics of owner-control types	48
Table 6. Interdependence between business-system characteristics	49
Table 7. Six ideal types of business system.....	50
Table 8. The key institutional features structuring business systems.....	50
Table 9. Institutional features associated with different types of business system	51
Table 10. Characteristics of five ideal types of firms.....	52
Table 11. Characteristics of work system.....	53
Table 12. X - Y matrixes	65
Table 13. Theoretical links between institutional features and business system	71
Table 14. Features of institutional contexts associated with five ideal types of firms	72
Table 15. Comparative analysis of institutional features in Russia and Ukraine.....	77
Table 16. Comparative analysis of business systems in Russia and Ukraine	78
Table 17. Cultural dimensions of Russia and Ukraine	81
Table 18. Barriers to transferring management practices to Russia and Ukraine	92
Table 19. Influencing factors on HRM practices	96
Table 20. Effective HRM practices in Russian subsidiaries of Western MNCs.....	102
Table 21. Effective HRM practices in Ukrainian subsidiaries of Western MNCs.....	105
Table 22. Comparative analysis of effective HRM practices in Russian and Ukrainian subsidiaries of Western MNCs.....	106
Table 23. Institutional features in Russia, Ukraine, US, France and Germany	110
Table 24. Comparative analysis of business systems in Russia, Ukraine, US, France and Germany	111

Table 25. Comparison of hypothetical host and home country effects on transfer HRM practices to Russia and Ukraine	112
Table 26. Research Philosophies	123
Table 27. Empirical field in Russia.....	129
Table 28. Empirical field in Ukraine.....	130
Table 29. Data collection methods in Russia.....	133
Table 30. Data collection methods in Ukraine.....	134
Table 31. The codes for analysis with support of computer aided data analysis software NVivo10	141
Table 32. Contingency factors in Russian subsidiaries	148
Table 33. Coordination mechanisms at Russian subsidiaries	150
Table 34. Work system at Russian subsidiaries	151
Table 35. Standardization of HRM practices at Russian subsidiaries	152
Table 36. Localized HRM practices at Russian subsidiaries and influencing factors.....	153
Table 37. Disintegrated Western HRM practices at Russian subsidiaries.....	155
Table 38. Standardized HRM practices and influencing factors.....	158
Table 39. Empirical validation of propositions in Russia.....	160
Table 40. Contingency factors in Ukrainian subsidiaries.....	162
Table 41. Coordination mechanisms at Ukrainian subsidiaries	164
Table 42. Work system at Ukrainian subsidiaries.....	178
Table 43. Standardization of HRM practices at Ukrainian subsidiaries.....	180
Table 44. Localized HRM practices at Ukrainian subsidiaries and influencing factors.....	181
Table 45. Disintegrated Western HRM practices at Ukrainian subsidiaries.....	183
Table 46. Standardized HRM practices at Ukrainian subsidiaries and influencing factors...	192
Table 47. Empirical validation of propositions in Ukraine	207
Table 48. A summary of major characteristics of the sample.....	213
Table 49. The dependence of subsidiary on HQ's resources.....	214
Table 50. Work system in studied companies	215

Table 51. Formal and informal control in studied companies.	216
Table 52. The role of HRM in studied companies	217
Table 53. The extent of standartisation of reruitment and selection practicies.....	218
Table 54. The extent of standartisation of training and development practicies.....	219
Table 55. The extent of standartisation of performance management practicies.	220
Table 56. The extent of standartisation of compensation and benefits practicies.	221
Table 57. Contingency factors (Size).....	222
Table 58. Dependence on HQ's resources.....	222
Table 59. The characteristics of work system in studied companies.....	224
Table 60. Control mechanisms in studied companies.	226
Table 61. Importance of HRM at subsidiary and its impact on standardization of HRH practices	227
Table 62. HRM practices at Ukrainian subsidiary of US M and influencing factors.....	285
Table 63. HRM practices at Russian subsidiary of US M and influencing factors.....	290
Table 64. A summary table of Russian and Ukrainian subsidiaries of US M	291
Table 65. HRM practices at Ukrainian subsidiary of US Mi and influencing factors.....	298
Table 66. HRM practices at the Russian subsidiary of US Mi and influencing factors	304
Table 67. A summary table of Russian and Ukrainian subsidiaries of US Mi	305
Table 68. HRM practices at the Ukrainian subsidiary of US I and influencing factors	318
Table 69. HRM practices at the Ukrainian subsidiary of US P and influencing factors	326
Table 70. HRM practices at the Ukrainian subsidiary of Germany R and influencing factors	341
Table 71. HRM practices at the Ukrainian subsidiary of German H and influencing factors	354
Table 72. HRM practices at the Ukrainian subsidiary of German M and influencing factors	371
Table 73. HRM practices at the Ukrainian subsidiary of French S and influencing factors..	378
Table 74. HRM practices at the Ukrainian subsidiary of French AI and influencing factors	386
Table 75. HRM practices at the Ukrainian subsidiary of French A and influencing factors .	396

I. Introduction

In an increasingly globalizing world, where Multinational Companies (MNCs) are the main players, the transfer of best management practices to newly available economies in transition quickly becomes a concerning question. Larger markets and lower cost labour released from the countries previously under the Soviet regime is incessantly attractive to the Western MNCs with promises of high returns and low costs. Notwithstanding, the slow progress in the development of market institutions has confronted investors with challenges associated with the legacy of the Soviet system. Two post USSR countries, Russia and Ukraine, were placed by Tihanyi and Roath on the same relative position of market development as seen in Figure 1, arguing that “despite facts that the importance of central planning has been decreased and a portion of state assets has been privatized, these two countries made slow progress in the development of market institutions” (2002:192).

Figure 1: Market Development and Regional Integration in Central and Eastern Europe



Source: Tihanyi L., and Roath A.S. (2002:192)

Even with such common challenges across underdeveloped markets as currency convertibility, a constantly changing legal framework, bureaucracy, and widespread corruption, the major problem confronted here was human resources. In the former Soviet Union, people had different skills and values from what was expected by a

Western company in order to be successful. As a consequence, most of the Western companies were not able to continue operating in this arena (Shekshnia, 1994).

After 20 years of being in the process of “transition from the socialist regime to the liberal-democratic one” (Goirdano, 2011: 283), the situation in post-Soviet countries has changed dramatically. Russia, being the largest post-USSR country (17 million square kilometres and a population of 146 million (Federal State Statistics Service, 2015)), has attracted the most attention of investors from more developed countries and researchers from around the world (Shekshnia, 1998). Heavy investments in business education and consultancy support from leading western economies have helped Russia to overcome this issue and bring forth a new generation of talented managers; however, efforts to transfer Western management practices without any adaptation to the Russian environment has generally failed. Successful Western companies, through trial and error, have developed unique sets of management practices for Russia (May, Young, Ledgerwood, 1998; Denisova-Schmidt, 2013).

Ukraine, being the largest country on the European continent (603,628 square kilometres and a population of 43 million (State Statistics Service of Ukraine, 2015)), at the initial stage of its transformation turned out to be less attractive for foreign investors and Western scholars and, therefore, was delayed in development and research for about ten years compared to Russia. Notwithstanding this, one can argue that Ukraine followed the Russian path and was strongly attached to its powerful neighbour. There was a strong dependence on resources in addition to the political, economic, and social ties between these two countries. As a result, the institutional and cultural contexts were also similar. Despite such superficial similarities, it must be noted that there were significant regional differences within the nine Russian time zones; therefore, in Ukraine as a separate country, the institutional and cultural divergence is inevitable as the Ukrainian crisis in early 2014 confirmed (Portnov, 2011). This situation attracted the attention of the entire world and caused a serious confrontation between the West and the East. In this particular case, the West was represented by the European Union (EU) and the United States (US), while the East was represented by Russia (Lushnycky, Riabchuk, 2009; Hayoz, Lushnycky, 2005). For all interested parties, Ukraine’s decision to take a certain political path (towards the West or the East) was so critical that they exercised significant influence to attract or even force Ukraine to align with one of them. Being strongly dependent on its

neighbours, while facing national identity issues, it was not an easy choice for Ukraine.

Considering the fact that Ukrainian territories were historically split between different rulers: the Russian Empire in the East, the Austro-Hungarian Empire and the Polish-Lithuanian Commonwealth on the West, and the Ottoman Empire to the South; there can be no doubt that Ukraine inherited significantly different cultures across its territories. Those 70 years that Ukraine subsequently existed under the USSR regime certainly brought some common Soviet institutional features and personal values to the everyday lives of the Ukrainians as a nation, but after gaining its independence in 1991 Ukraine started down its own path of development and national identity-reformation (Werdt, 2011).

Considerable institutional and cultural divergence among post-Soviet countries forces MNCs to adopt their best practices with changes to adapt to each country in accordance with its local characteristics and contexts (Bjoerkman and Ehrnrooth, 2000). As a result, deeper investigations and comparative studies of these countries tend to be vital for both the MNCs in order to succeed in otherwise understudied environments and the host countries in order to attract foreign investment.

The Human Resource Management (HRM) area calls for special attention because it might determine a company's success in post-Soviet countries where weak institutions and lack of formal procedures complicate the realization of globally successful Western approaches to HRM. Despite its widely acknowledged importance, HRM has generally been understudied in the post-Soviet countries with the exception of Russia. There are only a few publications on the transfer of Western HRM practices into economies in transition, and even fewer studies on a comparative approach that places two or more post-Soviet countries on a common scale. Western theoretical framework applied in existing studies does not fully capture the complex process of transition to a market economy and the prevalence of unpredictable informal institutions, and this leaves the topic open to scholarly debate. As Schwartz and McCann (2007:1546) have pointed out: "post socialism can be, and has been, treated as a site for testing existing theories, the collapse of Communism and the magnitude and significance of subsequent social transformations present us with the challenge of conceptually coordinating heterogeneous aspects of action and structure". Consequently, a deeper investigation and comparative study of a large

post-USSR country like Ukraine brings forth the contribution of post-Socialist transformations to Organization Theory.

In contribution to the global study on Comparative International Human Resource Management, the research set forth in this thesis aims at exploring **the host-country effects on the process of transfer of HRM practices from the Western headquarters to their Ukrainian subsidiaries**. Ukraine represents the central focus of this research because it was understudied and called for deeper investigations. Western MNCs operating in Ukraine represent the main agents of transfer for western managerial practices to post-Soviet economies in transition like Ukraine. Russia was also incorporated into the research as a test bench for the research approach because the more extensive academic studies available on Russia were expected to support the applicability of the approach to Ukraine.

The research involves two levels: the macro and the micro contexts. The macro level refers to host-country effects or institutional context in Ukraine and Russia. At this level, a review of academic literature was performed for building the propositions as well as for explanation of various cause-effects. Also at this level, the author adopted the Business System Approach developed by Whitley (1999). This approach has never been applied to the Ukrainian or the Russian contexts; however, it has been found useful in analysing the host- and home-country effects for comparative studies on International Human Resource Management (IHRM) within other economies in transition.

Cultural and institutional distances between the host- and home-countries are vital to revealing the influencing factors. In order to observe the host-country effects, the author selected MNCs primarily from distant and well-studied Western Business Systems such as the US, German, and the French. The selection of the host countries was also not random. Both countries, Ukraine and Russia, represented the motherlands of the author, which allowed a better understanding of languages, cultures, and practices in the studied environments.

The Micro level involves subsidiaries of Western multinational companies operating in Ukraine and Russia. The primary research takes place at this level in order to verify the propositions formulated earlier and to test the hypotheses.

The conceptual model was adapted from the study of Waechter H., Peters R., Tempel A., and Muller-Camen M. (2003), which respectively had two layers representing external (culture and institutions) and internal factors, highlighting the

interdependency of strategy, structure and HRM in a company. The contingency factors, such as the size and age of the company were also included in his model as internal factors. Although, the Waechter's et al. (2003) study had only an institutional perspective on HRM, the current research addresses cultural impact and additional numerous organizational characteristics. The importance and influence of culture and organizational settings in post-USSR countries is significant due to the weak development of institutions and the prevalence of informal practices.

Three research sub-questions were formulated in order to capture all of the facets for investigation. The first research sub question is focused on local HRM practices in Ukraine and the role of national business system in shaping these practices. The second one investigates how the organizational level effects may inhibit or facilitate the transfer of HRM practices. The third research sub question is focused on standardised Western HRM practices that are successfully integrated in Ukrainian subsidiary.

Due to the complexity of the research, which involves multiple dimensions, a matrix structure was applied in answering these research questions. On one side, there are two levels of effects, which are internal and external, and on the other side there are three groups of HRM practices which are local, disintegrated, and standardised. The first research sub-question was concerned with local HRM practices in Ukraine, which were adopted from or fully adapted to the local environment. Such practices reflect the effects of the national context, which shaped the HRM practices among the domestic firms or forced the Ukrainian subsidiaries to adapt to the needs of the local environment by designing very specific to Ukraine HRM practices. The second sub-question was aimed at measuring the extent of transfer of Western HRM practices from Western headquarters (HQ) to their Ukrainian subsidiaries and the impact of numerous internal factors that might facilitate or inhibit such transfer considering the weakness of host institutions. The third research sub-question was divided in two parts. The first part was focused on those HRM practices at the Ukrainian subsidiaries which were diffused from the Western headquarters but could not be implemented or integrated due to certain effects of the national context. The second part represented the standardized HRM practices at the Ukrainian subsidiaries which were successfully transferred from their Western headquarters or adopted by the Ukrainian HR managers from the global pool of best practices. Within each group of the practices there were factors that inhibited or facilitated certain practices. These represented the

main points of interest providing a clear picture on the various effects of the national context.

Several objectives were stated in order to answer the research questions. For the first research sub-question, it was necessary to analyse the institutions and culture in Russia and Ukraine, as well as domestic human resource management practices, which were shaped under these national context effects. For the second research sub-question, the objectives were to analyse the relationship between various organizational level factors and the extent of transfer of standardised HRM practices in Ukrainian subsidiaries of Western multinational companies. For the third research sub-question, the objectives were to analyse the business systems in three selected Western countries identifying the possible home country effects on HRM practices.

This thesis is comprised of seven parts: The first part, which is chapter 2, provides information on research background and the theoretical approach where the relevance of the topic and the origin of the research questions are discussed. The research gap is presented through an extensive literature review summarized in the tables with emphasis on the fact that, to date, there is no similar study with the selected theoretical approach on business systems. Some existing studies cover various parts of the proposed research topic, but have never been integrated, analysed, and empirically verified.

The second part, chapter 3, focuses on the national contexts of Russia and Ukraine and their host-country effects starting from historical insight into both countries, followed up with a discussion on further development of their transitional paths. Referring to the conceptual model, there is also a discussion on external influential factors such as institutions and culture. The domestic HRM practices studied by other scholars are also reviewed in order to verify the theoretical propositions. A comparison of the Russian and Ukrainian national contexts is presented as a summary of this chapter, and serves as an analytical framework for empirical research. The propositions for the first research sub-question are stated here as well.

The third part, chapter 4, covers the general concept of an MNC and its impact on Russia and Ukraine and starts with an historical analysis of Foreign Direct Investments (FDI) into both countries. Based on the literature review, the hybrid models of HRM practices developed by MNCs in Russia and Ukraine are presented and various barriers to transfer and the influential factors identified by other scholars

are described to facilitate the analytical framework and hypothetical propositions. In order to differentiate the effects of the host-country from the country of origin or the dominance effects, three models of Western business systems have also been presented. The distance in terms of institutional context between such countries like the US, Germany, and France, compared to Russia and Ukraine is also briefly described based on the literature review. In addition, the relevant internal factors are identified providing the source of additional hypotheses.

The fourth part, chapter 5, of the thesis is dedicated to the research methodology applied. Here the analytical framework based on previously stated propositions is presented. This part also provides information on research design and the methods of analysis applied to the collected data. Since the research covers macro and micro-levels, the research design is structured accordingly. For the macro-level, the secondary research was applied in which numerous academic studies were reviewed in order to analyse the national context effects on HRM practices in Russia and Ukraine. Due to the very limited number of academic studies about Ukraine, the Russian context was analysed and taken as a reference. For the micro-level, where Ukrainian subsidiaries of Western multinational companies were studied, the mixed-method approach was applied. First, the empirical study was based on questionnaires and semi-structured interviews with senior HR managers of Western MNCs in Russia and Ukraine. The interviews were aimed at providing an explanation of the process of transfer and formation of HRM practices in Ukrainian subsidiaries of Western MNCs. The qualitative approach was also applied for the analysis of national context effects, where each HRM practice at Ukrainian subsidiaries was analysed in detail to identify any potential impact of institutions or culture. The survey was then conducted with the objective of discovering the effect of internal factors, such as coordination mechanisms, work systems, and the role of HRM at the subsidiary, on the extent of transfer of HRM practices from Western headquarters to their Ukrainian subsidiaries. The HRM practices were grouped for analysis as recruitment and selection, training and development, performance appraisal, and compensation and benefits.

Due to the political instability in Ukraine, the data collection process took longer than was initially planned. The interviews were conducted prior to the revolution, while the survey was completed just after the political turnaround. This could result in some distortion in the data analysis, and the evolving situation in Ukraine might produce somewhat different results and might also require a different research

approach. Additionally, a comparison with Russia at this point might be inappropriate considering the anti-Russian tendencies in Ukraine.

The analysis of empirical data is presented in part five of the thesis (chapter 6). This part contains both the qualitative analysis of the interviews and the quantitative analysis of the survey. The qualitative analysis was performed in two phases. First, each company was analysed as a separate case study in which the impact of both internal and external factors on HRM practices were evaluated. Selected case studies with a summary table are provided in the Appendix 5. The second phase of analysis provides more generalised answers to the research questions by combining the analysis of all of the interviews and case studies. The structure of this part is in line with the research sub-questions, dividing studied HRM practices on local, disintegrated, and standardised. Summary tables with findings and the analysis of the propositions are provided at the end of each section. The quantitative analysis provides descriptive statistics for the sample and an explanation of various organizational effects on extent of transfer of HRM practices at Ukrainian subsidiaries. Finally, a correlation test was applied to verify the statistical significance of associations between internal factors and standardisation of HRM practices.

Part six (chapter 7) combines all of the findings from the collected data and offers a generalized discussion. Within each research sub-question, the propositions are restated for purpose of confirmation or rejection.

The final part (chapter 8) consists of the conclusions, which summarize the entire research, the outline of the theoretical contribution and limitations, and recommendations for further research.

II. Research Background and theoretical approach

2.1. Research topic insight

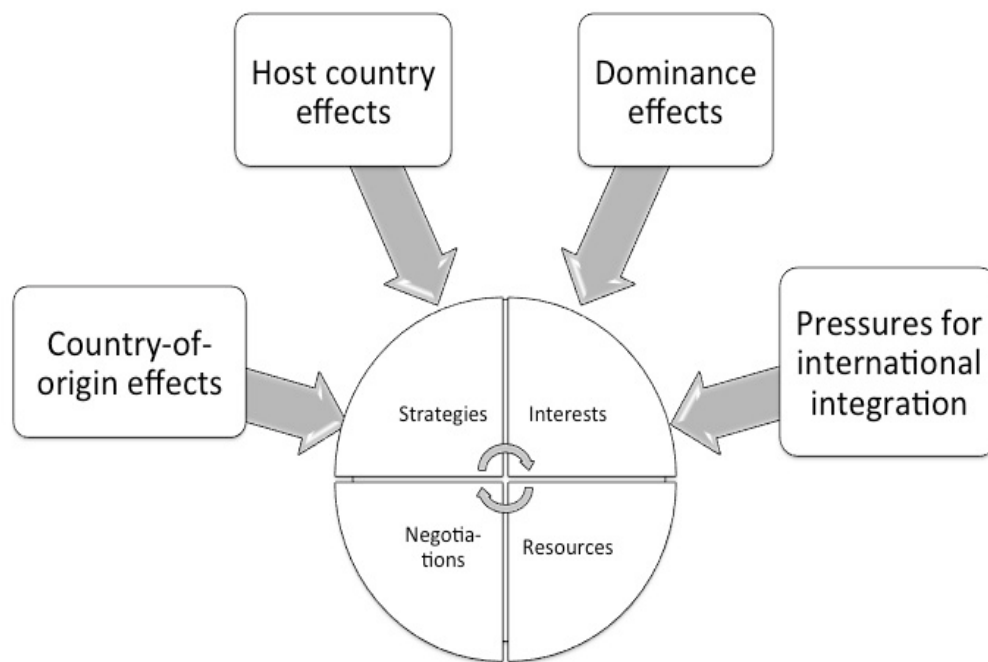
Within the domain of academic studies on Multinational Companies (MNCs), scholars from all over the world in an attempt to find answers on such questions as, what practices are the most effective in a particular country? Why are some practices successful in one country but not applicable in another? What exactly influences of the shaping of the HRM practices? – have argued, for several decades about the standardization or localization of HRM practices within the subsidiaries of these MNCs. On the one hand, those who did adopt the approach of globalization insisted on the fact that Western management practices were the most effective and therefore, should be transferred directly to the subsidiaries. Here, they argued that the MNCs, which had succeeded in the home country with a particular set of management practices would be able to succeed in any other country using the same set of standardized practices. On the other hand, the supporters of the localization approach proved that Western practices were not effective within foreign subsidiaries unless they were changed according to the host-environment's specifics (Pudelko, Harzing, 2007). At this point, the foreign subsidiaries did face local pressures from the cultural and institutional elements, which forced them to mutate the transferred practices into what was locally compatible.

Recent research has brought a new term, which is that of the “hybrid” model (Festing et al., 2009) or “concept of hybridization” (Yahiaoui and Chebbi, 2008). As Meardi and Toth (2006:156) state: “the most ambitious formulation of ‘hybridization’ was provided by Robert Boyer (1998), where he defines ‘hybridization’ is a third, mid-way situation between diffusion, that is the transfer of home-country models abroad, and adaptation, that is the adoption by the foreign subsidiaries of pre-existing practices of the host country”. These authors found that MNCs in some cases, especially in permissive environments, were more likely to innovate rather than diffuse their original models. This phenomenon sometimes led the authors to conclude that the home country model was not necessarily rigid and was not necessarily strictly implemented in the host country environment. Meardi and Toth (2006) also mentioned that the unwillingness to transfer practices was mostly observed in Central and Eastern Europe. Yahiaoui and Chebbi (2008:85) went on to add that: “Hybridization phenomenon occurs when organizations mix practices from

the home country model with those implemented in the host countries facilities”. During this process, the Headquarters formulated the global strategy and specified the results expected from each subsidiary, while the local units received and implemented the global knowledge and adapted it to their context. It then understood that, hybridization was not the balance between the pressures of the home-country and the resistance from the host-country, but was the outcome of the firm’s selective transfer strategy. Hybridization was seen more as a dialog between the Headquarters and the Subsidiaries where the process of adjustment of practices occurred. Successful hybridization depended on the involvement of the subsidiaries in the process. As a result, new practices, which had been developed, resembled innovations. In this case, just a top-down knowledge transfer was not deemed efficient and was noted to negatively impact innovations. It was felt that a down-top transfer was needed and such innovations were important for the company to secure an advantage and enhance its competitiveness.

The model developed by Edwards and Ferner (2002) provided another picture of the transfer of HRM practices from a parent company to its subsidiaries, and showed that this process is dependent on numerous complex effects, including the institutional environments of the home- and host-country as well as the global rationale of the MNC and the rationale of the different actors within the organization (Tempel, Waechter and Walgenbach, 2006). This model distinguished between four key influences on the MNCs’ HRM practices abroad, country-of-origin effects, host-country effects, dominance-effects, and pressures for international integration. Apart from these factors being attributable to the external MNC environment, they also integrated micro-political aspects, allowing for some degree of “social space” where the actors’ interests and strategies, power resources and negotiations took place within the MNC (Almond et al., 2005). Figure 2 illustrates these influences.

Figure 2. Key influences on the MNCs HRM practices abroad



Source: Adapted from Edwards and Ferner (2002)

The effects of the country of origin include the interactions of the MNCs and their home-country systems, which include industrial relations institutions, production systems, patterns of corporate governance, and the historical development of the business system (Tempel et al., 2006). These interactions are dynamic. Therefore, despite the fact that MNCs are embedded in their home-country national business systems, the degree of this embeddedness changes over time forcing companies to continuously develop their practices.

The host-country effect shows how MNCs interact with the host-country business systems and the practices implemented in foreign subsidiaries. Here, the MNCs are playing an active role in choosing their strategy to transfer country of origin practices instead of passive response to different institutional environments (Tempel et al., 2006). Moreover, subsidiaries also have room for manoeuvring and resisting the influences of the country of origin.

The authors explain the dominance effects as an “idea that dominant or hegemonic states are able to exert organizational, political, and technological influences that invite dissemination and adoption across the global capitalist system” (Almond et al., 2005: 280). At this point, MNCs originating from such well-developed countries like the US tend to diffuse their managerial and production

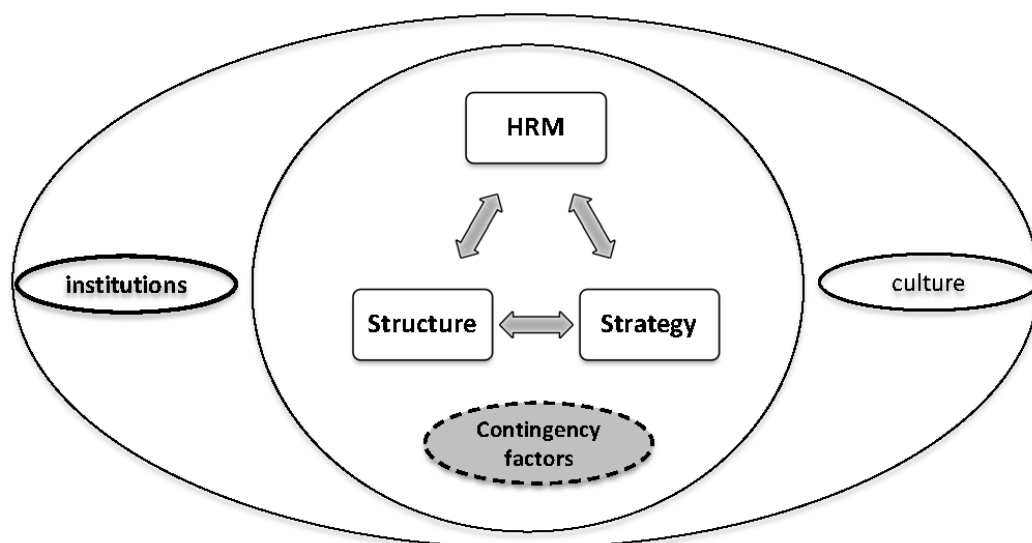
techniques to their foreign subsidiaries, considering such practices as factors that give rise to the economic strength of the country of origin.

Finally, the pressures for international integration within the MNCs is attributed to “reduced cross-national differences in consumer tastes, the deregulation of product markets and the reduction of tariff barriers, making it more feasible for MNCs to achieve synergies between their subsidiaries” (Almond et al., 2005:281). Authors emphasize here that higher pressures could refer to high fixed costs in R&D, capital- and technology-intensive production, coordination of pricing, service, and support worldwide.

According to Ferner and Edwards (1995), micro-political functions may facilitate or inhibit the transfer of global practices within MNCs. The host environment knowledge of subsidiary managers may allow them to inhibit the transfer of standardized practices from the Headquarters and, in this case, allow them to prove that local capabilities and practices represent the better approach. MNC Headquarters can alternately apply management control systems to reward subsidiaries that demonstrate compliance with Headquarter practices (Ferner and Edwards, 1995).

Another model, developed by Waechter H., Peters R., Tempel A., and Muller-Camen M. (2003) (Figure 3), also structures the influencing factors based on whether they are internal (Strategy, Structure, HRM and Contingency factors) or external (Institutions and Culture).

Figure 3. The institutional perspective on HRM



Source: Waechter et al. (2003)

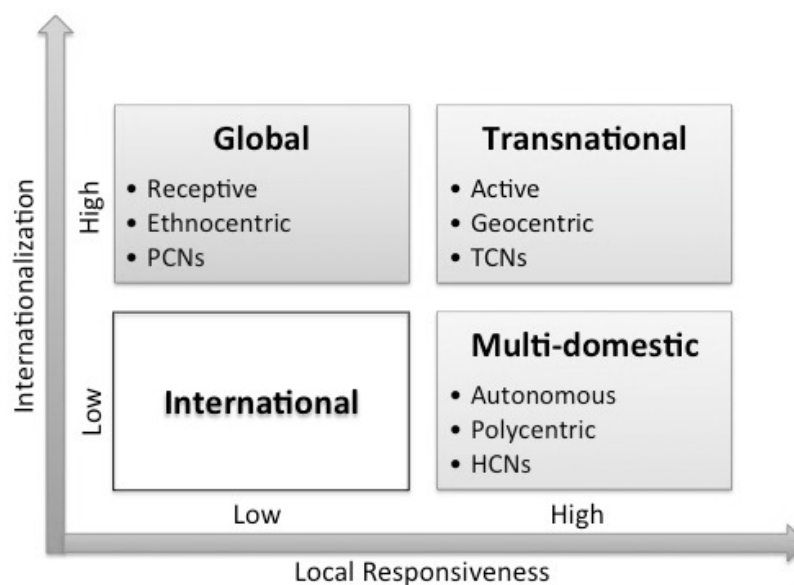
This model shows the interdependency between internal factors like HRM, Strategy and Structure, which might vary under the influence of the contingency factors. Among the external factors, this model is focused on institutions and their impact on the HRM practices and policies.

In order to understand the links between all the above-mentioned factors, it is imperative to describe each part of the model.

Strategy

The literature distinguishes between four major types of strategies, which MNCs might employ depending on their levels of internalization and local responsiveness (Figure 4). As Briscoe, Schuler, and Tarique (2012: 42) have noted: “The nature of an MNE’s business strategy is primarily guided by the extent of integration and / or local responsiveness required by the firm to manage its worldwide operations.... Integration is defined as the extent to which the subsidiary and the headquarters develop a unified whole and can thus provide the MNE with a variety of competitive advantages such as economies of scale (...), improved quality and standardization. In contrast, local responsiveness is defined as the extent to which subsidiaries respond to local differences, which involves the modification of products or services in order to fully meet local customer needs, respond to local competition and culture, remain compliant with various government regulations, more readily attract local employees, and penetrate local business networks”.

Figure 4. Internalization strategies of MNCs



Source: Adopted from Briscoe et al. (2012: 48)

The global strategy represents the low levels of local responsiveness and high levels of internalization, where the company is usually ethnocentric and its subsidiaries play receptive roles, implementing the policies and practices transferred from the Headquarters in highly standardized forms, often through expatriates, who are the Parent Country Nationals (PCNs).

Contrarily, the multi-domestic strategy represents the high level of local responsiveness and low level of internalizations, where the company is polycentric and providing its subsidiaries a high level of autonomy. Employees of such subsidiaries are usually Home Country Nationals (HCNs).

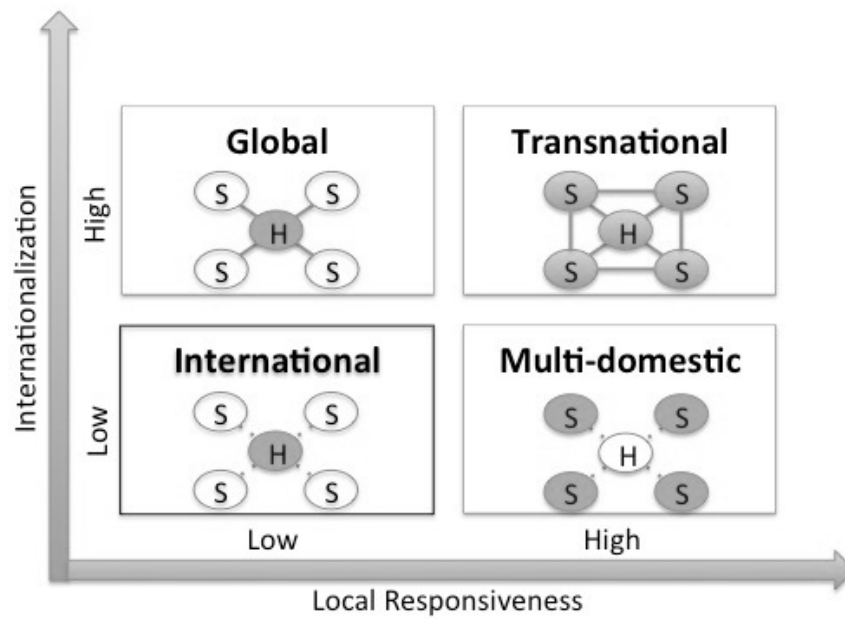
The most desired strategy, where companies stay highly internationalized and at the same time be locally responsive (“Think global, act local”), is the Transnational Strategy. Subsidiaries at this point are very active in contributing towards the overall strategy design. Such companies take on a geocentric shape and employees become Third Country Nationals (TCNs), when moving around all their worldwide units.

The international strategy is, however, not a part of current research.

Structure.

Firms differ in their stages of internationalization (Figure 5), which reflects the structure they adopt in their international operations (see Briscoe et al., 2012). Therefore, at the Headquarters of multi-domestic organizations, the structure of HRM seeks “both consistency with the culture and policies of the parent company and accommodation of local values and practices” (Briscoe et al., 2012: 65). Subsidiaries of such structures are fairly independent. In organizations with a global structure, HR policies are developed at the Headquarters and implemented worldwide, while the Transnational Organizational Structure has HRM policies and practices, the results of collaborative processes between the Headquarters and subsidiaries of localizing global best practices.

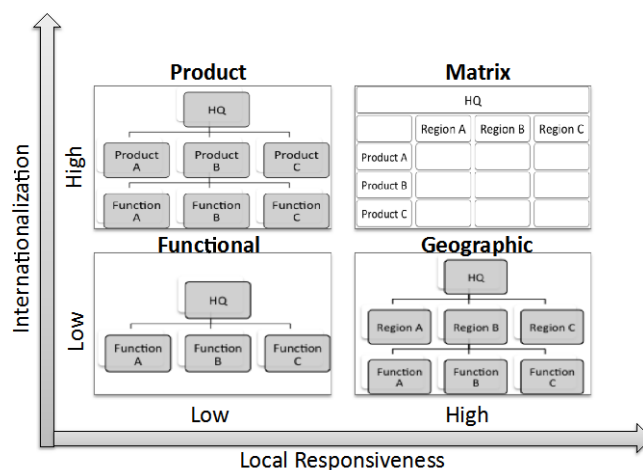
Figure 5. Organizational structure in MNCs



Source: Adopted from Briscoe et al. (2012: 48)

Another framework presents the organizational structure in terms of business units within the Headquarters and subsidiaries (Figure 6.). There are four types of such structures, which may be described as the: functional, product, geographic and matrix.

Figure 6. Organizational structure in terms of business units within HQ and subsidiaries



Source: Adopted from Briscoe et al. (2012)

The matrix structure is the most complex and involves at least two lines of reporting (Briscoe et al., 2012). Managers within this structure tend to consider both. The global and local requirements; however, human preferences are not always in line with corporate requirements.

The structure on geographic division is common for multi-domestic firms where each region is an independent division reporting directly to the CEO. Managers in each area are provided with substantial autonomy to adapt the Head quarter's strategies to the local conditions.

The product division is most likely to be found in firms with a global organizational structure. The input from subsidiaries is very limited, while the Headquarters make most of the product decisions.

The functional division structure is usually found in organizations in the early stages of internalization. Subsidiaries report directly to the CEO or the functional heads.

Contingency factors.

As for the contingency factors, such company features as size, age, industry, and other internal impacts might vary the HRM practices. Based on the literature review and referring to the works of Bjoerkman and Ehrnrooth (2000), who studied various influencing factors driving HRM practices in the Russian subsidiaries of Western MNCs, this study applied the following contingency factors:

1. Greenfield would facilitate transfer of HRM practices from the Headquarters.
2. Older companies would resemble more local practices.
3. Higher foreign ownership would facilitate transfer of HRM practices from the Headquarters.
4. Service industry would be more localized due to the national preferences in services.
5. Larger subsidiaries would be more likely to follow the practices of the home country. This could be a reflection of the strategic importance of the larger subsidiaries. When a subsidiary represents a major source of income and an important market, especially emerging, the Headquarters tend to exert more control over them and standardize the practices. On the other hand, scholars (Myloni, Harzing, Mirza, 2004) argue that a bigger company would resemble more local practices. HRM practices will generally be more difficult to transfer in large subsidiaries, which have

more visibility and are under more pressure to gain legitimacy and acceptance. Large firms at this point should adopt more socially responsible HRM practices.

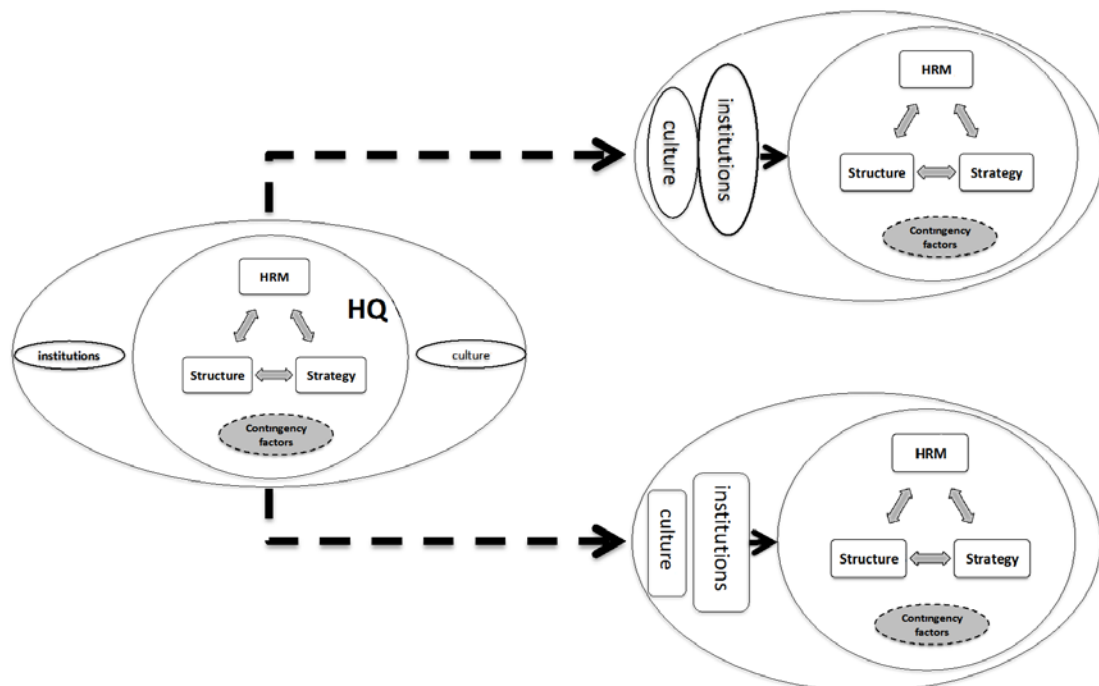
6. Such “globalized” industries in sectors such as, vehicles, chemicals or electronics would experience a higher impact from the home country, as their operating units would be more integrated into the international corporate strategy of the parent company (Ferner, 1997:32).

7. In industries that are more ‘polycentric’ in structure (parts of the food and drinks or textiles and clothing sectors, for example), with individual subsidiaries geared to serving national markets, the higher degree of management autonomy and lower degree of integration into the international corporate structure may mute the country-of-origin effect (Ferner, 1997:32).

Integrated conceptual model

The model described above in Figure 3 shows only one particular country, while the interaction between the host and home countries represents the process of transfer of HRM practices from the MNC Headquarters to their overseas subsidiaries. This is illustrated in Figure 7.

Figure 7. Transfer of HRM practices from MNC headquarters to their overseas subsidiaries.



Source: Adapted from Waechter, Tempel, Muller-Camen (2003)

The studies on this research topic have until date been focused on a limited number of home- and host-countries, mostly from developed Capitalist economies (Tempel et al., 2006). However, the selection of countries with different business systems is important to evaluate the transferability of practices into various host-country environments. The degree of regulation represents a major criterion for selecting host countries for study, assuming that MNCs from highly regulated countries are less likely to adopt local practices in permissive host countries and more likely to export their own practices. In short, it is necessary to examine MNCs in host countries that are sufficiently different in enabling the effects of the country of origin to come through (Ferner, 2000). Applying this approach to a wider variety of countries would provide a better understanding of the dynamic relationship between the MNCs and their home- and host-countries' environments, and everything that shapes HRM practices.

Eastern Europe, at this point, represents a perfect backdrop providing completely opposite host-country environments via the Soviet system heritage. Two major emerging markets within this area, Russia and Ukraine, attract the attention of many MNCs by their enormous market potential and qualified cheap workforce. Academics from all around the world in drawing a picture of the transition process in these countries try to understand what facilitates the entrance of MNCs and their operations here. It is widely agreed that the post-USSR countries have many barriers that hinder the smooth transfer of Western management practices and knowledge.

2.2. Research Avenues and identification of a gap in scientific literature

The answers to such questions as 'What Human Resource Management practices are the most effective? What barriers and challenges does a company face when entering new markets? What are the factors that influence the process of HRM practice transfers?' are crucial for Western MNCs entering such challenging economies in transition such as, Russia and Ukraine. Therefore, more and more studies appear with the goal of facilitating the entrance and operation processes of Western MNCs in Russia. Ukraine, at this point, was probably less attractive and therefore, has fewer studies on it. Seeking the answers to the questions listed above, scholars also seem concerned with such issues as entry strategy, management style, knowledge transfer, and expatriates' adaptation in the Russian context.

The US being one of the major investors in the Russian economy provided the most literature on this topic, followed by the UK (Table 1). These works could be divided on the basis of the prescriptive, where the optimal approach was given and the descriptive, which showed the differences between the Western and the post-USSR HRM practices as well as the difficulties of adopting them.

Table 1. Origin of Studies (by location of authors' institutions)

Country of Research Origin	Country of research	
	Russia	Ukraine
USA	Ardichili, Beekun, Stedham, Yamamura, Berger, Park, Elenkov, Grachev, Bobina, Hull, Hultén, Hunter, Lawrence, May, Young, Ledgerwood, Puffer, McCarthy, Peng, Ralston, Rondinelli, Shama, Zhuplev, Welsh, Thelen	Hultén
Finland	Bjoerkman, Ehrnrooth, Engstrom, Pedersen	Lesyk
Sweden	Fey	
UK	Camiah, Hollinshea, Clarke, Metalina, Dickenson, Blundell, Gilbert, Holden, Cooper, Jankowicz, Meyer, Hollinshead	Buck, Filatotchev, Demina, Wright, Estrin, Rosevear, Zhukov
Netherlands	Krishnan	
France	Krylov, Kets de Vries	
Greece	Vlachoutsicos	
New Zealand	Michailova	
Denmark	Minbaeva	
Switzerland	Denisova-Schmidt, Denison, Rogovsky,	
Germany	Engelhard, Nagele	
China	Tang, Holt, Terpstra	
Canada	Beamish	
Russia	Gasparishvili, Fey, Cheglakova, Pavlovskaya, Shekshnia, Gurkov, Zelenova, Slobodskoi, Luckov, Naumov, Oshchepkov,	Latov
Ukraine		Stegniy, Boguts'ka, Soldatenko, Morozov, Gvozdirov, Zaykovskaya, Kiba, Lisizian, Shmidt, Mykhnenko, Kubichec

The most literature related to the topic of transferring HRM practices to Russia was classified by Ardichvili and Gaspararishvili (2001) in their study on three groups: those analysing HRM practices of the Russian firms; those studying cultural dimensions and their implications for the HRM practice; and, finally, studies on the differences between Western and Eastern European (inclusive Russian) organization development and training practices. In the last ten years, more studies have been published and more research directions have emerged with major focus of modern research being the implementation of Western HRM practices in the transition economies by considering the institutional aspects of the Eastern European

environment. Table 2 proposes an overview of the studies based on the above-mentioned classifications.

The overview shows that most studies have followed a culturalist approach, which seems to be insufficient in the Russian context and therefore, does not provide precise answers. Apart from the literature on HRM practices in Russia, it is important to consider elements of the institutional context that could help us describe the Russian business system.

First, Research Avenue includes studies on local HRM practices, where the main contribution in the Russian context has been made by Gurkov and Zelenova (2008) and Gurkov, Zelenova, Goldberg, and Saidov (2009). Their studies aim at describing the specifics of a national HRM model, through interviews with 1700 CEOs and 2400 managers using the CRANET methodology as well as institutional analyses. In the Ukrainian context, however, there are very few articles published in Western management journals and even less empirical studies conducted on HRM practices in Ukraine. However, it has been possible to extract such information from the closely related publications of HR professionals (Fantaz, 2007) and consultants (Shmidt, 2009) in Ukraine. Other empirical studies do not cover the entire set of HRM practices at an enterprise. It is interesting to observe that issues of HRM did attract the attention of Ukrainian scholars and practitioners very recently given most of the articles are dated well within the last ten years.

Second Avenue is based on the cultural approach used to transfer these HRM practices to Russia and Ukraine, where Ukraine is represented poorly with few studies and articles on its cultural context. The Russia cultural approach, however, turned to be the most used in studying its national specifics. One of the first contributors who shed light on this issue and examined the management techniques in Russia while comparing it to the US, which helped to pave the way for future joint ventures, was a brilliant team of authors: Lawrence, Vlachoutsicos, Faminsky, Brakov, Puffer, Walton, Naumov and Ozira. Their first book “Behind the Factory Walls: Decision Making in Soviet and US Enterprises” (1990) documented the first time when American management scholars conducted in-depth field research in Soviet factories, and the first time their Soviet counterparts undertook the same in the US. Two members of that team, Puffer and Naumov, actively continued this investigation and provided considerable insight into different issues related to the Russian context and its influence on organizational culture (Naumov, Jones, Puffer, 1995; Naumov and

Puffer, 2000; Puffer, McCarthy, Naumov, 1997; Puffer and McCarthy, 1995). This topic was further studied by Elenkov (1997, 1998), who investigated the American concepts of management and organizations and which worked best in Russia, while considering the cross-cultural differences and similarities between these two countries. Apart from it, the values and cultures of Russian managers who underlined their attitudes and behaviours attracted the attention of many researches (May, Puffer, McCarthy, 2005). The differences in ethics across cultures caused a great deal of misunderstanding and difficulties in knowledge transfer (Puffer and McCarthy, 1995).

There are many articles based on the issue of applicability of the Western HRM practices in Russia, where the differences between standardized Headquarters' practices and the localized subsidiaries' practices are presented as along with the barriers and issues surrounding these transfers. This part of the research represented the Third Avenue.

In order to attempt tangibility in the studied topics, authors tried to link the intangible variables such as, the HRM practices, management styles, organizational cultures, ownerships, and entry strategies with such tangible variables as the company's performance and effectiveness. Their attempts were partly successful because of the difficulties in obtaining real data on profitability, market share, hours of training per employee, delays in filling vacancies and so on (Shekshnia, 1998). The only possible way of measuring effectiveness proved to be through the sales volumes. Works, which were focused on measuring the links between the HR practices and the company's performance, argued that investments in HRM practices would be positively associated with the company performance (Fey and Bjoerkman, 2000). This conclusion could lead to the definition of "High Performance" HRM practices, where such practices as rigorous recruitment and selection process, performance-contingent compensation system, training activities, competence/performance appraisal, and merit-based promotion were taking place (Bjoerkman and Erhnrooth, 2000; Fey and Bjoerkman, 2000). However, it should be noted that such high performance HRM practices may not be universally applicable and this causes many arguments with regard to the extent to which HRM practices should be modified across countries (Bjoerkman, Fey, Park, 2006).

Among the important contributors in this field are Fey and colleagues. Their major empirical study (Fey and Bjoerkman, 2000) covers 101 foreign-owned subsidiaries in Russia. The results of this study answer the question of whether or not

some of the different HRM practices for managers and non-managerial employees may be associated with superior firm performance, thereby, arguing that in the Russian context, firms should focus on different bundles of HRM practices for the managerial and non-managerial employees. Another study of Fey, Engstrom, and Bjoerkman (1999) provides a set of effective HRM practices in Russia, which are built on in-depth analyses of 18 large Western firms in the country. Their findings acknowledge that successful companies tend to use Western “high performance” HRM practices but adjust them to synchronize with the Russian environment. These authors also found that for many Russians, the concept of HRM was very new.

The practical side of operational challenges in Russia and the proposed solutions have been clearly described by Shekshnia (1994, 1998), and other scholars like Fey and Puffer. Given the difficulties in conducting business in Russia, they provided the answers to questions on how to avoid mistakes and skip the trial and error learning required of many predecessor foreign firms to be successful here (Fey and Shekshnia, 2010). May, Young and Ledgerwood (1998) contributed observations gathered over a five year period on understanding the barriers to effectiveness, in the context of Russian HRM, while providing clear recommendations for foreign companies entering and operating in Russia.

In Ukraine, recent studies on this issue have been appearing since 2009, when Zaikovskaya raised the question on the deficit in talented managers. This author argued that Ukraine had all the potential like human resources, geographic location, living standards, climate and many other factors enabling Western MNCs to operate there. Gvozdirov (2010) supports her work providing the results of a big empirical study on what determines the success of companies operating in Ukraine. In his interview with one of the major Ukrainian business players, he found out that some Ukrainian companies did not consider Western management practices as exceptional because by using the Ukrainian practices, Ukrainian subsidiaries could accrue common profit for themselves, which could be up to 35%, at least 10 times higher than the American Wal-Mart, for example. Lesyk (2005) interviewed 20 employees in a Scandinavian MNC subsidiary in Ukraine in order to measure the influence of knowledge-transfer on a company’s technological competence and economic competitiveness.

The last Research Avenue, which my study follows, includes works on transferring Western HRM practices to the Russian and Ukrainian subsidiaries based on institutional analysis.

Despite the fact that Hofstede's culturalist approach (1980) is the dominant strand of literature regarding context-centred research on international HRM (Davoine, Schroeter, Stern, 2014), more recent papers (Bjoerkman and Ehrnrooth, 2000) turning towards the institutional approach, outline the strong influence of the host country's regulatory, normative and cognitive institutional processes on the HRM practices of foreign-owned subsidiaries (Bjoerkman et al., 2006). Authors argue that the former Socialist-planned economy has left a lasting impact on the workforce in Russia. However, it has, to a large extent, been de-institutionalized and new HRM practices have emerged largely as a reaction to the old system (Bjoerkman et al., 2006). As Meyer (2001b: 4) pointed: "The distinctiveness of the CEE business systems, be it temporary or permanent, limits the transferability of Western business strategies and organizational concepts. Hence, strategies observed in transition economies differ from those in developed economies and strategies applied successfully in one country may fail in another. Corporate strategies in the transition economies can thus be explained only by incorporating the specific institutional context in the analysis." Western scholars looking for answers on how national institutional environments shape HRM in MNCs draw on the comparative institutional approaches to study how MNCs interact with the home- and host-country institutions and how this influences their management of human resources (Tempel et al., 2006). In the Russian and Ukrainian contexts, such methodology has never been applied, while few existing studies are based on new institutionalist theory only. Such gap in the literature calls for further research.

Table 2. Overview of the most relevant literature to research topic in Russian context

Authors	Research Question	Research Design	Findings
Local HRM			
Ardichili, Gasparishvili (2001)	Issues and problems of HRM system development in the Russian banking industry	Interviews with CEOs, HR directors and directors of academic institutions. 70 Russian banks, 45 educational and training institutions Case studies	Stronger emphasis on selection and recruitment than on training and development personnel. External training trusted to state-owned institutions. Turbulent economic and political environments and lack of instructors with practical experience were the major barriers in developing of banking education and training systems.
Berger (1999)	Key human resource issues and concerns of businesses operating in this transitional environment	Interviews with 7 HR specialists Case study	No standard compensation system. Use of fines as a central focus of discipline systems. Negative effects of a centralized planning system on individual motivation. Authoritative, hierarchical, bureaucratic type of structure. Recruitment and staffing is new for companies. Reluctance to trust others. Limited delegation.
Clarke, Metalina (2000)	Training practices in the new private sector in Russia.	40 case studies of new private enterprises and a large-scale Household survey in 4 Russian cities	The old system of vocational retraining has largely collapsed. A majority of the new private employers make very little provision for the training of their employees. Those who undertake training experience a significant increase in earnings
Gurkov et al. (2009)	Specifics of national HRM	HR directors and managers CRANET Routine of HRM and its major functions	HRM in Russia similar to the Eastern European model. HR director in 55 cases on the Board of Directors. HR director does not participate in strategy development. Line managers are highly in charge of HRM. High flexibility of working hours and very low formal appraisal system. High power of line managers in cutting positions.
Gurkov, Zelenova (2008)	What is the national Russian model of HRM?	1700 CEOs and 2400 managers Companies of various industries, sizes and ownership forms	Russian labour legislation became more flexible. HR function was largely decentralized. No HR strategy. HR department separated from strategic decisions. Recruitment through personal connections (internet). Selection: interviews and probation period. Reward: basic salary (10%) + premium (80%) and social benefits (health insurance, meal and transport allowance, holiday allowance, educational allowance), 13 th salary. Wide dispersion of salaries – prohibit revealing real income. Performance: direct observations by supervisor, in failure case deduction of premium. Training: very valued and needed.

Kabalina (2005)	HRM practices at Russian enterprise	Studied about 50 Russian companies of various sizes, industries. 400 interviews with GM and managers. 725 surveys of workers.	Limited resources for personnel development. Informal practices prevail. Empowered line managers. Compensation is used mainly for attracting and retaining employees. Other motivation tools are absent. HR functions have no common system and represent low importance. Discipline is control through repressions. New corporate culture of teamwork takes place at some of the Russian companies.
Kisline (2007)	Development of SME in Russia	20 interviews of Russian SME managers	The main obstacles for developing SMEs in Russia are financial and HR relations between Government and managers.
May, Ledgerwood (2007)	Consequences of national policy on HRM practices in Russia	28 Russian companies of different regions and industries.	In the Russian organizational context, blat may be critical for organizational success and therefore, included in job specification of employees. Existence of unofficial, parallel organization structures to monitor and control blatters. Lack of accountability among Russian employees and managers.
Cultural approach studies			
Beekun et al. (2003)	Differences and similarities in ethical decision-making among Russian and US managers	73 Russian managers and 92 US managers Interviews of MBA students and executives	While Americans, in general, tended to assess certain actions as less ethical when applying utilitarian or justice criteria, The ethical judgments of the two groups differed by situation and by criteria employed.
Camiah, Hollinshead (2003)	Possibilities for effective cross-cultural working Issue of relationship building between young Russian managers, and their expatriate counterparts from western countries	50 Russian and 50 Western managers Moscow region	Issue of “cultural wall.” 18 months of adaptation period <u>Barriers</u> : Orientation to work – less of distinction between personal and professional life High rate of absence. Motivated by short-term material goals. Very high turnover. Ethics – dishonest Skills and knowledge
Elenkov (1997)	Cross-cultural differences and similarities	Business students (61 / 51) and managers (64 / 43) in Russia and US 10 companies and 10 educational institutions.	Younger people in Russia prove to be closer to the western managerial values. Russian “competitive orientation” of thinking is similar to US, as well as masculinity and dogmatism (open minded). Russians are higher in machiavellism, power distance, uncertainty avoidance and lower in individualism than Americans.

Elenkov (1998)	What type of business management would evolve and which American concepts of management and organization would work best in Russia?	178 Russian managers and 147 US managers	<ol style="list-style-type: none"> 1. Intuitive management and use of political power 2. Legitimate power and referent power 3. Motivation should be focused on group benefits. 4. Inclusion hard currency in the motivation package. 5. Gain-sharing, stock ownership as reward. 6. Employee empowerment. 7. Provide job enlargement. 8. Indirect feedback. 9. Flexible, short-term strategic plans. 10. Teambuilding with top manager. 11. Inter-organizational strategic alliances.
Van Beek, Grachev (2010)	How a global competency model can be used more effectively in different cultures.	Case study of Unilever and at its Russian subsidiary. Interviews with company managers in Russia	Strong relations between cultural attributes and behavioural policies of multinational company in a particular environment
Krylov (2006)	The impact of traditions and innovations on organization of work at Russian companies	12 subsidiaries of French MNC in Russia	Russian national culture adopts easily centralized hierarchal organization from World management model.
Luckov and Luckov (2007)	The dialogue between organizational cultures at Russian enterprises with German ownership.	164 German subsidiaries in Russia	The tactic of replacing one cultural model with another is not appropriate. It should be a dialogue between these cultures.
May et al. (2005)	Culture and values of Russian managers that underline their attitudes and behaviours. Absorptive capacity of receivers.	GLOBE	<p>Lack of trust</p> <p>Lack of respect for laws</p> <p>Managers with experience in state-owned enterprises are difficult to change their mentality and adopt to new work system.</p> <p>Importance of bonuses and punishments.</p>
Michailova (2000)	Understand differences in perceptions and work patterns between Russian and Western managers.	37 interviews. 24 Russian and 13 Western top and middle managers. 5 companies.	<p>Time: refer to past experiences and traditions.</p> <p>Planning: consider long-term planning useless. Perceive plans as ultimate end-tasks.</p> <p>Control: use of rewards/punishment systems instead of feedback. Top-down approach. Formal control.</p>
Naumov, Puffer (2000)	How Hofstede's five cultural dimensions apply to Russia.	250 Russian respondents.	Russia occupies an unusual position among the principal world cultures because of its long political, social and economic isolation.

Puffer et al. (1997)	Russian managers' beliefs about work	292 Russian managers who were surveyed using Buchholz's (1977) 45-item instrument	Although there were numerous similarities among responding groups, differences in some beliefs were found for managerial groups depending upon managerial level, age, and gender. Some of these findings go against stereotypes of the way Russian managers view their work. In addition, beliefs for two major managerial groups, Soviet-era executives and new entrepreneurial managers, are illustrated with profiles of two real-life managers. There is no shortage of excellent management talent in Russia.
Puffer (1994)	Identify what has changed in managerial behaviour since Perestroika.	Interviews and surveys of Russian managers.	Shift in managerial values: tendency to share power and delegate. Managers: energetic, initiative and achievement-oriented. Connections, relationships and personal trust are still important.
Puffer, McCarthy (1995)	Comparison of Russian and American conceptions of ethics in business	Framework of ethical and unethical practices in both countries.	While Americans may consider some current Russian business practices to be questionable or even unethical, they may fail to appreciate that the reverse is true as well.
Ralston et al. (2007)	The impact of economic ideology and national culture on the individual work values of managers in the United States, Russia, Japan, and China.	856 managers from 4 countries: Russia -St. Petersburg (n=197); The Schwartz Value Survey	Multi-domestic approach is a reasonable strategy for international businesses today.
Welsh et al. (1993)	The impact of behavioural and participative US techniques on the performance of workers in a Russian factory.	Randomly selected 33 workers	Extrinsic rewards and behavioural management interventions will have a positive impact on the performance of Russian textile workers. But participative intervention will not result in improved performance.
Applicability of Western HRM			
Denisova-Schmidt (2008)	Main challenges of HRM and their consequences for business activities in Russia.	Empirical study at the Russian subsidiary of one international consumer goods manufacturer with headquarters in Western Europe.	The participation of expatriates with international experience is necessary and helpful at the beginning of company development. But they need some time to recognize and adapt to obstacles caused by different cultural backgrounds.
Denisova-Schmidt (2011)	How unwritten rules can influence HRM in Russia	12 semi-structured interviews with HR managers of Russian subsidiaries	Modern large Russian corporations retain elements of Soviet corporate culture and practices. In order to transfer Western HR practices, Soviet HR practices should be updated first.
Engelhard, Nagele (2003)	What are the specific features of organizational learning process between expatriates and Russian employees in the subsidiary of MNC?	35 expatriate managers and 36 Russian employees 22 different subsidiaries of MNCs (British, Dutch, German, Swedish, Swiss, US) in Moscow and the Moscow Region.	Learning for both sides is hindered by various <u>barriers</u> : lack of trust, acquisition of general and strategic management skills – inability among Russians to plan strategically, low future orientation, Russians unwilling to make decisions and to be held responsible for their own decisions, lack of initiative-taking, “black-and white style of thinking” – critical evaluation absent, weak customer orientation, lack of team working skills, time management, lack of cognitive frames of references to absorb information.

Fey et al. (1999)	What human resource management practices are effective in Russia?	Interviews with GM and HR managers of 18 large western firms in Russia	<p>Successful companies tend to use Western “high performance” human resource management practices but adjust them to fit with the Russian environment. For many Russians, the concept of HRM is new.</p> <p>Being flexible and willing to adapt to the Russian environment has been found to be a key success factor for operating in Russia</p> <p>“employees have been very responsive and eager to participate in training programs. Up-and-down appraisal systems were found to be very effective. Beneficial to link training directly to the appraisal process”. Optimal compensation package, apart from fixed salary, combines bonuses (not more than 25% of salary) and non-monetary benefits as well.</p>
Fey et al. (2004)	A comparison of HRM practices in Russia, Finland and China.	Interviews with GM, HR, managers and employees (5 per company) from 3 Swedish MNC operating in Russia, China and Finland (more than 50 employees) Case studies	<p>The repertoire of systems used and their balance is significantly influenced by national context. MNCs standardize different practices to varying degrees across countries.</p> <p>Russia has more heterogeneous population in terms of level and quality of education, expectations, values makes hiring process challenging and important</p>
Fey, Beamish (2000)	Importance of firms forming joint ventures having similar organizational climates	40 Russian IJVs	Similar firms forming an IJV are more likely to have less conflict than more dissimilar firms.
Fey, Denison (2003)	The link between organizational culture and effectiveness for foreign-owned firms operating in Russia.	Questionnaire to the GM and 4 case studies (workers). 179 foreign-owned firms operating in Russia with a parent firm HQ in Canada, Germany, Finland, France, Sweden or the US.	<p>The first is the importance of flexibility in Russia. Adaptability proved to be the most useful dimension in the model for understanding overall effectiveness. Consistency and mission far less powerful determinants of effectiveness in the Russian context. The “functionally incomplete” organizational structures inherited from the Communist era.</p> <p>The US model can be applied in Russia.</p>
Fey, Shekshnia (2010)	How to avoid mistakes and skip the trial and error learning required of many of foreign firms predecessors to achieve success in Russia?	Interviews with 36 GM in Moscow and St. Petersburg More than 30 employees and more that 2 years operates in Russia	<p>8 key commandments for doing business in Russia:</p> <ol style="list-style-type: none"> 1. Authoritative leadership 2. Organizational culture 3. Empowered employees 4. Respect local rules 5. Be flexible 6. Crisis management 7. Corruption management 8. Government relationship

Fey, Bjoerkman (2000)	Whether or not the same or different HRM practices for managers and non-managerial employees are associated with superior firm performance.	Survey of HR and GM from 101 foreign-owned (US, Sweden, Finland, Germany, UK) subsidiaries in Russia of different sizes Factor analysis	Investments in HRM practices can substantially assist a firm in improving performance. In the Russian context, firms should focus on different bundles of HRM practices for managerial and non-managerial employees. Employee development positively relates with performance for both groups. Russian managers have limited traditional management training
Gilbert, Gorlenko (1999)	Experience of a collaboration between a British business school and a Russian technological institute to develop a postgraduate programme.	2 case studies in Moscow and Siberia.	Western-style management education needs adapting to the local business context. It has to meet the real needs of local managers. Collaborative trainer training has been an effective approach rather than simple transplantation of curricula and materials to the Russian context. A process of adaptation, rather than adoption, of Western curriculum and materials.
Grachev et al. (2006)	The role of multinational companies in transferring advanced human resource management practices to post-Communist countries.	US-based multinational company, 3M. surveyed 18 HR managers in 8 countries.	In Russia, 3M follows its traditional innovative strategy. European managers tended to be more familiar with Russian culture and business norms.
Gurkov, Settles (2013)	The most distinctive practices and an outline of the factors influencing the development of management practices of Russian manufacturing subsidiaries of MNCs	20 Russian manufacturing subsidiaries of Western MNCs	Under 'authoritative parenting', which is both demanding and responsive, Russian subsidiaries were able to meet and sometimes surpass the universal standards of productivity and quality. Absorption of forms of remuneration from Soviet times, disregard of the usual local confines on the preferred categories of recruited personnel, the use of ingenuity of 'aborigines' for 'creative destruction', (i.e. adjustment and modification of the existing standards to surpass the limits of productivity and reliability of operations)
Gurkov, Filippov (2013)	The study defines the features and characteristics of the firm's corporate policies including production and operations, marketing, HR management, and societal engagement	The sample included 15 companies and 16 visited factories of Russian manufacturing subsidiaries of MNCs.	Successful company is not afraid to incorporate local business culture into its managerial practices if they do not hinder the achievement of the "German standards". The successes associated with the company's potential effectiveness and local traditions of HR management are evident in this study.
Holden, Cooper (1994)	How Russian managers learn?	30 Russian managers interviews	Russians do not fit easily into any of the accepted theories of management learning. They do not necessary appreciate western management experience.

Krylov (2009)	The impact of globalization on Russian HRM	62 company in Moscow and St. Petersburg. GM and HR managers interviews.	There is no mutual evolution of practices. But compromises with traditional values create new specific management models. Value-based approach strengthens corporate culture and provides flexible tool for HRM.
May et al. (1998)	Russian human resource management experience	Interviews with GM of 31 Russian firms across the Russian Federation. (airline, banking, oil and gas, employment services) and 5-year observation	Lack of customer orientation. Mistrust and suspicion between workers and managers due to lack of training and development programs. Avoidance of responsibility. Managers are selfish and unconcerned with their organization. Looking for short-term solutions. Low importance of workplace health and safety leads to lower job satisfaction. Absence of national sources for deriving relevant compensation data for Russian firms. Managers obsess to manipulate and control employees.
Michailova (2000a)	Planning change in Russian companies with foreign participation.	37 interviews with Russians and Westerners in 5 companies,	Western investors and managers need to develop deeper insights and understandings of Russian organizational and managerial assumptions, traditions, attitudes, and values if they are to do business with Russians successfully. Neither side should subscribe to the other's way of doing things.
Michailova, Hollinshead (2009)	Changes in design and implementation of Western management training interventions in Eastern Europe	(2 cases in Bulgaria and 1 in Russia) 200 Western mentors, 400 Russian managers	There is a growing desire and assertiveness on the part of local participants to formulate their own strategic and managerial repertoires.
Minbaeva et al. (2003).	Relationship between MNC subsidiary's HRM practices, absorptive capacity, and knowledge transfer.	Sample of 169 subsidiaries of multinational corporations (MNCs) operating in the USA, Russia, and Finland.	Investments in employees' ability and motivation through the extensive use of HRM practices contribute to MNC knowledge transfer.
Shekshnia (1998)	How MNCs currently manage employees in their Russian subsidiaries and what are successful/ unsuccessful HRM organizations?	Survey and interviews of 73 managers from MNC in Russia, US, Finland, Germany, UK, Sweden, Switzerland, France and Korea	Western companies are now practicing sophisticated and efficient systems of HR management. Key elements of HR management that distinguish successful from less successful companies, and trends in future HR management in Russia are set out.
Slobodskoi, Krylov (2005)	Cultural evolution of Russian enterprise.		Compromise of adoption world management rules to the national traditional culture.

Institutional approach and business system characteristics			
Bjoerkman, Ehrnrooth (2000)	Testing whether or not MNCs are more likely to implement standardized practices in Poland and Russia.	New institutional theory, GM or HR managers. 38 US and European MNCs' subsidiaries in Russia (16) and Poland (22) Survey and interview	1) Standardization of performance appraisal and promotion. 2) Localized training with lack of standardized content. 3) The recruitment criteria, the amount of training, and the content of training, practices were more similar to the MNC home country practices in Poland than in Russia. 4) The higher the number of employees in the focal unit, the more similar were several of the HRM practices to those in the MNC home-country operations.
Bjoerkman, Fey, Park (2006)	Why MNC subsidiaries located in various countries differ in the extent to which they have adopted high performance HRM practices?	GM or HR managers. 100 Russian subsidiaries of foreign-owned (Sweden, Germany, Japan, US, Finland) MNCs.	1) Significant host-country effects on subsidiary HRM practices. Employees in Russia based subsidiaries are receive more training, performance based compensation, appraisal and promotion comparing to US. High importance of performance-based compensation and appraisal systems. MNCs react against traditionally used practices in Russia and do not adapt local systems. 2) Positive relationship between the status of the HR department and implementation HRM practices. 3) Positive relationship between knowledge exchange and HRM intensity.
Festing, Eidems, Royer (2007)	How MNEs may balance their specific strategic needs with respect to different cultural and institutional environments?	Resource dependence theory. Qualitative case study Interviews with HR, Company documentation	High degree of transparency fosters a feeling of equal treatment among employees and increase operational efficiencies. Pay mix and pay level dilemma.
Festing, Sahakiantz (2010)	Analyses of factors influencing the adoption and transformation of compensation practices in CEE countries.	New institutional theory, Use of secondary data on selected compensation practices in CEE countries	In eastern Europe institutions are still being formed under various pressures and influences from both internal and external actors. Under qualified personnel managers Weak trade unions. Bargaining processes take place at the company level. Non-transparent reward system and hidden inequality. Bonuses system is person-based rather than performance-based, individually negotiated – develop mistrust. Strong path dependency.

Table 3. Overview of the most relevant literature to research topic in Ukrainian context

Authors	Research Question	Research Design	Findings
Local HRM			
Buck et al. (2003)	The relations between governance, HRM strategies and performance in the context of a novel dataset of Ukrainian industrial firms	Ukrainian Labour Force Survey and interviews with senior managers	Ukraine provides a more testing research environment for HRM strategies than Russia. Ukrainian economic and political reforms have been more superficial. Higher degree of insider ownership is positively associated with firm performance, while cost-cutting strategies and downsizing is negatively associated with firm performance.
Carraher, Carraher (2006)	The applicability of some traditional human resource management theories to enterprises in border cities of Belarus, Poland and Ukraine	374 owners of small- to medium-sized enterprises in border cities of Belarus, Poland and Ukraine	Performance and annual incomes were relatively unrelated to facets of job satisfaction. Many findings based in traditional Western Human Resource Management about the relationships between performance, income, and job satisfaction designed for use with employees do not seem to operate well with business owners in Eastern Europe.
Fantaz (2007)	What are the national specifics of HRM systems in Japan, US, Russia and Ukraine	Secondary sources and personal observation	HR management in Ukraine has some historical links with Cossacks' rules. Individual bargaining, pay "in envelops", management tends to save on employees, paying them bonuses once a year instead of monthly payments. Intuition is leading decisions.
Fuxman (2004)	Emerging trends in Ukrainian management styles and the challenge of managerial talent shortage	Interviews with managers and employees from various size firms in Ukraine.	Consulting management in the Ukraine is still in its infancy and suffers from a lack of managerial and restructuring experience in a free-market economy
Mercer (2012)	Employment conditions in Ukraine	Survey of Ukrainian companies, study of laws and regulations in Ukraine	Ukrainian companies do not provide "fringe benefits" analogous to social security to employees due to the cost and inconvenience of setting up such programs. The legal framework for implementation of such programs is rather poor. Law contains only general provisions concerning fringe benefits. Employer-sponsored plans are not a typical practice for Ukrainian companies.
Shmidt (2009)	How many HR managers are working at one company?	Survey of HR managers from 72 Ukrainian companies	HR managers were laid-off first with a crisis. In 2009, on average there were 9 HR employees, half of who were fulfilling administrative functions.
Standing, Zsoldos (2000)	Ukrainian labour market restructuring process	Interviews with senior managers and two questionnaires, one completed by the establishment, the other administered orally in discussion with managers, often accompanied by senior staff	There had been a substantial cut in employment and the job cuts were continuing. Companies have turned far more to unpaid and partially paid administrative leave, short-time working and "unpaid employment" involving wage arrears or the non-payment of contractual wages. The result is that the system has experienced a perverse form of wage flexibility. Lack of financial discipline and accountability leads managements to retain excess workers, despite the cost of doing so. Workers prefer to take wage cuts and do so rather than become unemployed.

Cultural approach			
Abetti, Hirvensalo, Kapij (2001)	How the characteristics of entrepreneurs and managers, as determined by their national and cultural backgrounds, influence joint entrepreneurial ventures between widely different countries: USA-Eastern Europe, versus Finland-Eastern Europe.	Finnish companies in Russia and the Baltics, based on three case studies, and US new venture in Ukraine	The effects that cultural differences have on a multi-national venture are significant. Differences between Ukrainians and Americans along the uncertainty avoidance and individualism dimensions have been prevalent in shaping SFI Ltd. Issues along these dimensions reflect areas where a strong connection between the partners is necessary to determine strategy and guide operations. Both masculinity and power distance have had less impact, because they influence more the internal operations of the partner companies than the relationships between the partners.
Magoun and Roudnev (2006)	Values of Ukrainian people in comparison with European countries	European Social Survey of 2031 Ukrainians	Ukrainian culture significantly differs from other European cultures.
May, Stewart, McCarthy, Puffer, Ledgerwood (2007)	A test of the cross-cultural equivalency of resistance to change scale in Russia and Ukraine	869 non-managerial employees of one of the largest private insurance companies in Ukraine	Communist culture may have been responsible for respondents perceiving Cognitive Rigidity items as reflecting strength of character rather than a form of resistance.
Mollering, Stache (2007)	How actors who have substantial practical experience in German–Ukrainian business relationships make sense of trust development, cultural differences and institutional uncertainty.	21 interviews with a broad variety of relevant actors.	It is not enough to become more aware of cultural differences, trust and performance. The trust dilemma can be overcome through reflexivity and creativity. Actors are often able to deal constructively with the cultural and institutional situation they find themselves in.
Vynoslavskaya, McKinney, Moore, Longenecker (2005)	Do ethical attitudes of business professionals in Ukraine differ significantly from those of business professionals in the United States?	1261 Surveys	Ukrainian business professionals demonstrated more lenient ethical attitudes than the United States business professionals. The tax system and other regulatory processes are structured in ways that make it extremely difficult for managers to follow ethical practices if their businesses are to survive.

Applicability of Western HRM			
Gvozdirov (2010)	What are the success factors of companies operating in Ukraine	Interviews with major Ukrainian business players	Some Ukrainian companies do not consider western management practices as good ones because of the fact that with Ukrainian practices common profit for Ukrainian subsidiary might be 35% which is 10 times higher than American Wal-Mart, for example
Lesyk (2005)	How and to which extent can knowledge-transfer influence a company's technological competence and economic competitiveness?	20 interviews among employees in Scandinavian MNC subsidiary units situated in Ukraine	Without the autonomy, subsidiaries do not have the latitude to do much more than fulfil the administrative tasks assigned by the headquarters. On the other hand, giving too much autonomy to the subsidiary is detrimental for both the MNC and the subsidiary. The ability of the MNC to control and co-ordinate the subsidiary is limited.
Zaikovskaya (2009)	The deficit of talented managers in Ukraine	Survey of Ukrainian companies from different industries and regions	Ukrainian companies will be hunting for managers with western education or experience in western companies. It will be separated functions of CEO and COO.
Institutional approach and business system characteristics			
Hultén (2006)	The challenges involved in establishing subsidiaries in the post- Soviet market.	The case study is based on the author's participation in a management up-grading project in a Western firm's Ukrainian subsidiary.	Some local employees develop identities that facilitate management transfers, and other employees develop conflict identities that inhibit management transfers. The communication climate and the actors' ability to communicate in a common language are important factors influencing the transfer process.
Nashchekina (2002)	The peculiarities of the Ukrainian business environment and contractual relations in the Ukrainian small business	Survey of 190 entrepreneurs in Kharkov	The business relations are built and maintained within informal networks, which helps to reduce transaction costs under the given constraints. However, the confinement to informal networks narrows choice of potential business partners and limits competition and incentives for improving business performances. Personal trust plays a much more significant role in business relations than system trust.
Estrin, Rosevear (1999)	Effect of privatization on enterprise performance and restructuring	Survey of 150 Ukrainian enterprises of all ownership types	It is insider rather than outsider ownership that leads to greater restructuring activity. Outsiders may not be able to impose effective corporate governance on Ukrainian firms, because of entrenched management and weak capital markets.
Filatotchev et al. (1999)	The development of corporate entrepreneurship in privatized firms in Russia, Belarus and Ukraine.	Large-scale survey of general directors in 105 newly privatized Russian companies, 100 Ukrainian and 68 Belarusian.	Russian privatized firms have lower insider stakes, greater outside ownership, less employee voice, and greater managerial power within the firm than in in the case with Belarus and Ukraine. In Ukraine, a lack of outside involvement in corporate governance may lead to managerial opportunism and low incentives to attract outside strategic investors, including foreign partners.

2.3. Theoretical approach as the main original contribution

The host-country's national business systems and their institutions can either facilitate or inhibit the transfer of management practices from the country of origin (Ferner, 1997). Among the theories related to institutional analyses, the most popular was new institutionalism (Meyer and Rowan, 1977; DiMaggio and Powell, 1991; Zucker, 1991), which stated that organizations were shaped according to the environment they were active in and that they adopted structures, policies and practices that were socially legitimate. This theory is based on three institutional pillars, the regulatory, normative and cognitive. Despite the fact that this approach was widely used, it also had plenty of critics. As Tempel, Waechter and Walgenbach (2006:17) pointed out: "New institutionalists tend to emphasize the global diffusion of practices and the adoption of these by organizations, but pay little attention to how such practices are interpreted or 'translated' as they travel around the world". These authors also mentioned that it had a one-side view of the global standardization of organizational forms and management practices. Apart from it, a major limitation of this theory was that it was built in the context of relatively stable economic systems, like those of the North-American countries (Festing, Sahakiants, 2010) and therefore, did not predict the complexities of the economies in transition.

Studies that are more recent however, apply varieties of the Capitalism-approach trying to identify the type of Capitalism in a particular country. Weber gave one of the first definitions of Capitalism in 1904, as he differentiated between Booty Capitalism, Merchant, Modern, Monopoly and State Capitalism. Today, some authors refer to this theory in an attempt to analyse developed economies (Lane and Myant, 2007). Among modern theories, Hall and Soskice's (2001) "Comparative capitalisms" stands out as it distinguishes between two models of co-ordination, one based on liberal markets and the other, on strategic co-ordination (Knell and Srholec, 2007). Among the weaknesses of this approach, especially when considering the transformation of post-Socialist economies, the authors found that it had great difficulty in adequately enabling institutional change. Hanson and Teague (Lane and Myant, 2007) argued that the approach of Hall and Soskice did not fit Russia because of some elements, which were not common to advanced Capitalist societies. In addition, Amable (2003) argued that the existing Capitalism came in more than two varieties.

In turn, Amable's (2003) "Diversity of modern Capitalism" approach, which cited five types of modern Capitalism, did not capture the dynamics of economic systems of the post-Communist countries undergoing a transformation to Capitalism either. As Lane and Myant (2007:19) pointed out, "A feature shared by all these approaches is that they are predominantly concerned with advanced capitalist countries with relatively high levels of market development and have a long history as capitalist countries. ... The post-communist transformation is different from those considered by Marx and Weber for many reasons: state socialist societies were already advanced forms of industrial society though they lacked markets, money and banks (as instrument of accumulation) and private property. In an institutional sense, under state socialism, there was neither a capitalist class predisposed to accumulation, nor even a critical ideology sympathetic to capitalist norms".

Hanson and Teague (in Lane and Myant 2007:149) also mentioned that the "Varieties of Capitalism approach is not helpful in understanding systematic developments in Russia: it has been developed based on a set of criteria that, when applied to Russia, produce a misleading picture".

To conclude, every author who tried to apply the theories described above analysing Russia or Ukraine, agreed that it was not possible to measure the transition economies using the modern Western Capitalism approach. As Lane and Myant (2007:21) stated: "In post-communist economies, as well as other developing ones, many components of capitalism are compromised by alien features – non-market economic relationships, the absence of a complementary ideology, of classes of entrepreneurs and capitalists. They are 'transiting', as it were, to capitalism. Analysis, then, must grasp not only the type of capitalism, but the extent to which capitalism has been constructed". Mykhnenko (2007) analysing the type of Capitalism in Ukraine and Poland, pointed to the on path-dependent transformations in these countries, where the introduction of new elements occurred in combination with adaptations and reconfigurations of the already existing institutional norms.

Whitley's (1999) "Business-System" theoretical framework highlighted both, the path-dependent nature of large-scale economic change and the often-contradictory effects of institutional transformations. By analysing Hungary and Slovenia, Whitley indicated how such comparative analysis of established market economies could be extended to understand the transformation process from state Socialist ones. The business-systems framework could be applied to non- or proto-market economies by

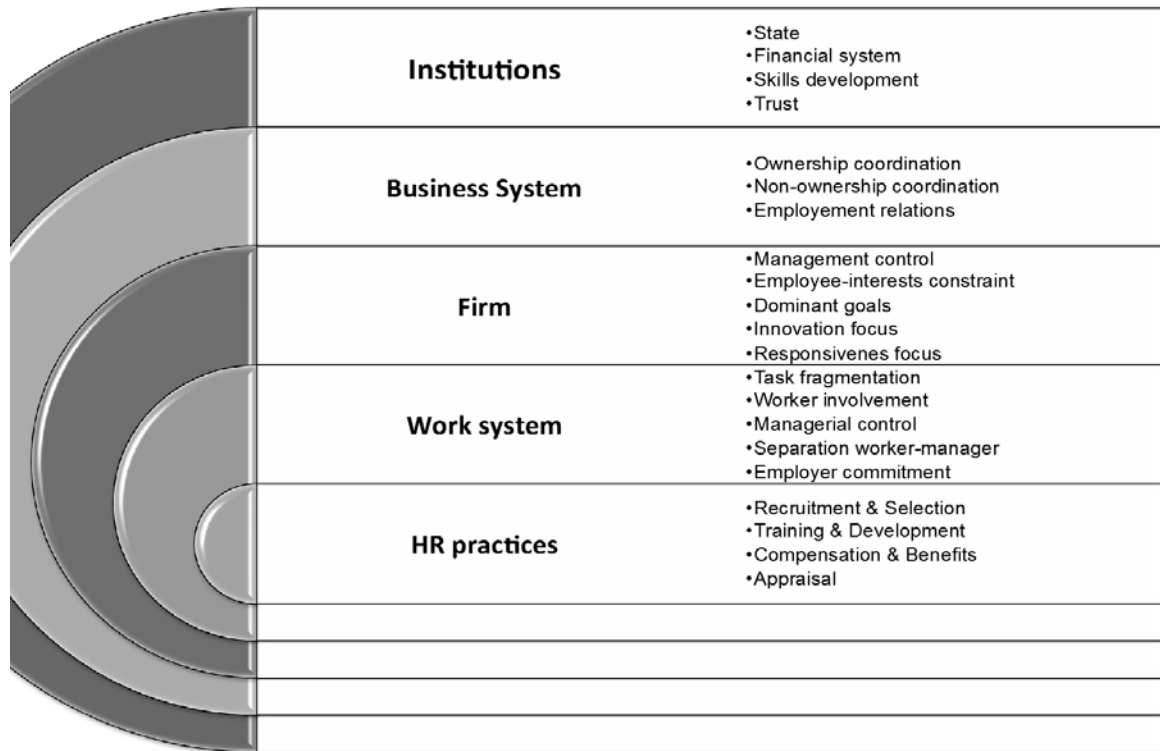
including more details on state structure and policies with a central theoretical concern on how dominant institutions structured the organization of economic activities and change. In his theory, Whitley attempted to explore the processes by which conflicting pressures from different institutional arenas and agencies affected firm behaviour and structure. A comparative analysis of economic organization identified their key characteristics and differences. “By highlighting the key characteristics of economic organization and their interconnections in market economies, and linking these to variations in political, financial, labour, and cultural systems, it emphasizes how different kinds of market economies have developed and continue to vary, and why they are unlikely to converge the same type in the future” (Whitley, 1999: 27).

With the help of this approach, it may be possible to examine how national business systems influence the behaviour of MNCs from different countries of origin with respect to their HRM practices. It also presents how far the MNCs are able to escape the constraints imposed on them by their national heritage.

2.4. Theoretical assumptions

According to Whitley (1999), four major institutional arenas design the business systems of a country, and influence national business practices, the regulating role of the State in the economy; the structure of the financial sector and the ways that companies get access to capital; the education system and the skills development and control systems; and the cultural values shaping trust and authority at work and managerial relationships. All these elements play an important role in shaping the work culture of a country and its Human Resource Management practices (Figure 8).

Figure 8. Business Systems Approach



Source: Composed by author based on Whitley (1999)

The business systems are defined by Whitley (1999:33) “as distinctive patterns of economic organization that vary in their degree and mode of authoritative coordination of economic activities, and in the organization of, and interconnections between, owners, managers, experts, and other employees. Differences in the nature of relationship between five broad kinds of economic actors are particularly important in contrasting business systems: (a) the providers and users of capital, (b) customers and suppliers, (c) competitors, (d) firms in different sectors, and, finally, (e) employers and different kind of employees. These vary in both the extent of organizational integration and whether this is achieved primarily through ownership-based hierarchies, formal agreements, personal obligations, informal commitments, etc.”.

As a result, the author builds his theory on eight key dimensions grouped by ownership co-ordination, non-ownership co-ordination and employment relations and work management (Table 4).

Table 4. Key dimensions of business systems

<i>Ownership co-ordination</i> Primary means of owner control (direct, alliance, market contracting) Extent of ownership integration of production chains Extent of integration of activities across sectors
<i>Non-ownership co-ordination</i> Extent of alliance coordination of production chains Extent of collaboration between competitors Extent of alliance co-ordination of sectors
<i>Employment relations and work management</i> Employer-employee interdependence Delegation to, and trust of, employees

Source: Whitley, 1999:34

The first group of dimensions distinguishes between economies based on the extent of their owner's direct involvement in managing the business. Three types of owner control were proposed by Whitley (1999: 35): "(a) direct control of firm by owners, (b) alliance control, in which owners delegate considerable strategic decision-making to managers but remain committed to particular firms, and (c) market or arm's length portfolio control". The author also suggested examples for such classifications, referring to Korean conglomerates' direct control, the German and Japanese companies' preference for alliance control and the Anglo-Saxon pattern of market-type owner control. For further details see Table 5, where nine characteristics of owner-control types are presented.

Table 5. Characteristics of owner-control types

Characteristics	Types of owner-control		
	Direct	Alliance	Market
Involvement in management	High	Some	Very low
Concentration of ownership	High	Considerable	Low
Owner's knowledge of business	High	Considerable	Low
Risk-sharing and commitment	High	Considerable	Low
Scope of owner interest	High	Considerable	Low
Exclusivity of ownership	High	Limited	High

Source: Whitley, 1999

To illustrate the second and third key dimensions of business systems "Extent of ownership integration of production chains" and "Extent of integration of activities across sectors", Whitley provided an example of Germany, where many large firms

“are quite vertically integrated but limit their horizontal diversification to technologically and/or market related field” (Whitley, 1999: 36). In contrast, Korea’s largest companies were “both vertically and horizontally diversified, but the smaller ones tend to focus on vertical integration rather than unrelated diversification” (Whitley, 1999:36).

Overall, these three characteristics, as well as other grouped dimensions were interrelated as shown in Table 6. The first dimension of “Primary means of owner control” has been split as per the three general types of owner control discussed above.

Table 6. Interdependence between business-system characteristics

Business-system characteristics	1	2	3	4	5	6	7	8	9	10
Direct owner control		-	-			-	-	-	-	
Alliance owner control			-			+	+		+	
Market owner control					+	-	-	-	-	
Ownership vertical integration						-		-		
Ownership horizontal integration						-	-	-	-	
Alliance vertical integration										
Competitor collaboration										
Alliance horizontal integration										
Employer-employee interdependence										+
Worker discretion and involvement										

Source: Whitley, 1999:40

Based on the linkages illustrated in Table 10, the author was able to identify six major ideal types of business systems: the fragmented, co-ordinated industrial districts, compartmentalized, co-ordinated or collaborative, state-organized, and highly-coordinated. These business system types have also been summarized in Table 7. One of these business systems could be found in every economy across the globe, for example, the fragmented exists in Hong Kong, the co-ordinated industrial districts exist in Italy or Denmark, the compartmentalized, in Anglo-Saxon countries, the collaborative in continental Europe, the state-organized in South Korea and the highly-coordinated, in Japan.

Table 7. Six ideal types of business system

Business-system characteristics	Business-system type					
	Fragmented	Coordinated industrial district	Compartmentalized	State organized	Collaborative	Highly coordinated
Owner control	Direct	Direct	Market	Direct	Alliance	Alliance
Ownership vertical integration	Low	Low	High	High	High	Some
Ownership horizontal integration	Low	Low	High	Some to High	Limited	Limited
Alliance vertical integration	Low	Limited	Low	Low	Limited	High
Competitor collaboration	Low	Some	Low	Low	High	High
Alliance horizontal integration	Low	Low	Low	Low	Low	Some
Employer-employee interdependence	Low	Some	Low	Low	Some	High
Worker discretion and involvement	Low	Some	Low	Low	High	Considerable

Source: Whitley, 1999:42

As Whitley argued, the key characteristics of business systems presented above did not change fast and substantially remained aloft even after such significant restructuring of economic relationships and institutional reforms, such as, the transformation of former Socialist societies. Institutions at this point played major roles in shaping a certain type of business systems and guiding the nature of ownership relations, inter-firm connections and employment relations. The dominant social institutions that governed access to critical resources, like labour and capital, were the central focus of Whitley's theory. The key institutional features that structured business systems were grouped according to four major areas. These have been presented in Table 8.

Table 8. The key institutional features structuring business systems

<i>The state</i>
Dominance of the state and its willingness to share risks with private owners
State antagonism to collective intermediaries
Extent of formal regulation of markets
<i>Financial system</i>
Capital markets or credit-based

<p><i>Skill development and control system</i></p> <p>Strength of public training system and of state-employer-union collaboration</p> <p>Strength of independent trade unions</p> <p>Strength of labour organizations based on certified expertise</p> <p>Centralization of bargaining</p>
<p><i>Trust and authority relations</i></p> <p>Reliability of formal institutions governing trust relations</p> <p>Predominance of paternalist authority relations</p> <p>Importance of communal norms governing authority relations</p>

Source: Whitley, 1999:48

Through certain connections between the institutional features and business-system characteristics, described by Whitley (1999) in his theory in greater detail, it was possible to identify the institutional context associated with each of the six types of business systems. These contexts have been outlined in Table 9.

Table 9. Institutional features associated with different types of business system

Institutional features	Business-system type					
	Fragmented	Co-ordinated industrial district	Compartmentalized	State organized	Collaborative	Highly co-ordinated
State						
Strength of state's co-ordinating and developmental role	Low	Considerable	Low	High	Considerable	High
Strength and incorporation of intermediaries	Low	Considerable	Low	Low	High	High
Strength of market regulation	Low	Considerable	Low	High	High	High
Financial system						
Capital market or credit-based	Low risk sharing by banks	Some local bank risk-sharing	Capital market	Credit	Credit	Credit
Skill development and control						
Strength of public training system	Low	High	Low	Limited	High	Limited
Union strength	Low	High	Low	Low	High	Some
Dominant organizing principle of unions	Varies	Skill/Sector	Skill	Employer	Sector	Employer
Centralization of bargaining	Low	Low	Low	Low	High	Low
Trust and authority						
Trust in formal institutions	Low	Some	High	Limited	High	Some
Paternalist authority	Some	Variable	Low	High	Low	High
Communitarian authority	Low	Limited	Low	Low	High	Some
Contractarian authority	Limited	Variable	High	Low	Low	Low
Typical business environment	Particularistic	Locally collaborative	Arm's length	Dirigist	Collaborative	State guided

Source: Whitley, 1999:60

Further, the theory suggests the ways in which, firms differ from business systems and their relations with particular features of dominant institutions. Through connections between the different characteristics of firms, Whitley distinguishes between five “ideal kinds of firms which vary principally in how much owners and managers can share risks and commitments, and with whom, and in the sort of strategies they develop” (Whitley, 1999: 75). The characteristics of these five ideal types of firms are presented in Table 10.

Table 10. Characteristics of five ideal types of firms

Characteristics	Firm type				
	Opportunistic	Artisanal	Isolated hierarchy	Co-operative hierarchy	Allied hierarchy
<i>Governance</i>					
Management control type	Owner	Owner	Capital-market constrained	Credit-controller constrained	Credit-controller constrained
Employee-interests constraint	Low	High	Low	Considerable	Considerable
Business-partner constraints	Low	Some	Low	Some	High
Dominant goals	Family wealth accumulation	Wealth and technical excellence	Investor returns	Growth	Growth
<i>Capabilities</i>					
Employee contribution	Low	Considerable	Low	High	High
Innovation focus	Low	High, but adaptive	Limited	Considerable	High
Responsiveness focus	High	High	Low	Limited	Considerable

Source: Whitley, 1999:75

Presented in Table 10 are the ideal types of firms that may be found in certain business systems and therefore, can be generated by certain institutions. For example, opportunistic firms can often be found in state-owned or controlled, developing economies; while artisanal firms are dominant in Japan.

The next layer of Whitley’s model discussed the work systems, which were linked to certain types of firms and characterized by “contrasting ways of structuring tasks and jobs, of controlling how work is allocated, performed, and rewarded, and of structuring employment relationships” (Whitley, 1999:88). As the theory’s author argued: “the way how task are structured and task performance is controlled is usually quite closely interlinked with recruitment, training, and reward strategies, and these in turn are often

connected to firms' overall product and market strategies"(Whitley, 1999:90). Based on the six characteristics outlined in Table 11, the author distinguished between five kinds of work systems.

Table 11. Characteristics of work system.

Characteristics	Work system type				
	Taylorist	Delegated responsibility		Flexible specialization	
		Negotiated	Paternalist	Artisanal	Patriarchal
Task fragmentation	High	Low	Low	Low	Low
Worker discretion and involvement	Low	High	Considerable	High	Limited
Managerial control of work organization	High	Some	Considerable	Some	High
Separation of managers from workers	High	Low	Variable	Low	High
Employer commitment to employment security for core workforce	Low	Considerable	High	Limited	Limited
Rewards tied to:	Standardized jobs	Skills	Personal performance and abilities	Skills and personal evaluation	Personal evaluation of performance

Source: Whitley, 1999:92

In order illustrate these work systems, Whitley provided examples of various economies, where a particular work system prevailed. So a Taylorist work system was typical for compartmentalized or state-guided business systems, while the Negotiated, prevailed where there were collaborative business systems. The Paternalist was common in highly-co-ordinated business systems. The last two of the flexible specialized work systems, the artisanal and patriarchal forms, were typified according to the co-ordinated industrial districts and the fragmented or state-guided business systems.

So following the links between the characteristics of four institutional arenas, key dimensions of six business systems, types of firms and all the way down to work systems, the theory enabled the identification of the common aspects for certain economy and human resource practices. Such an approach was deemed useful in studying the effects of the host- and home-country.

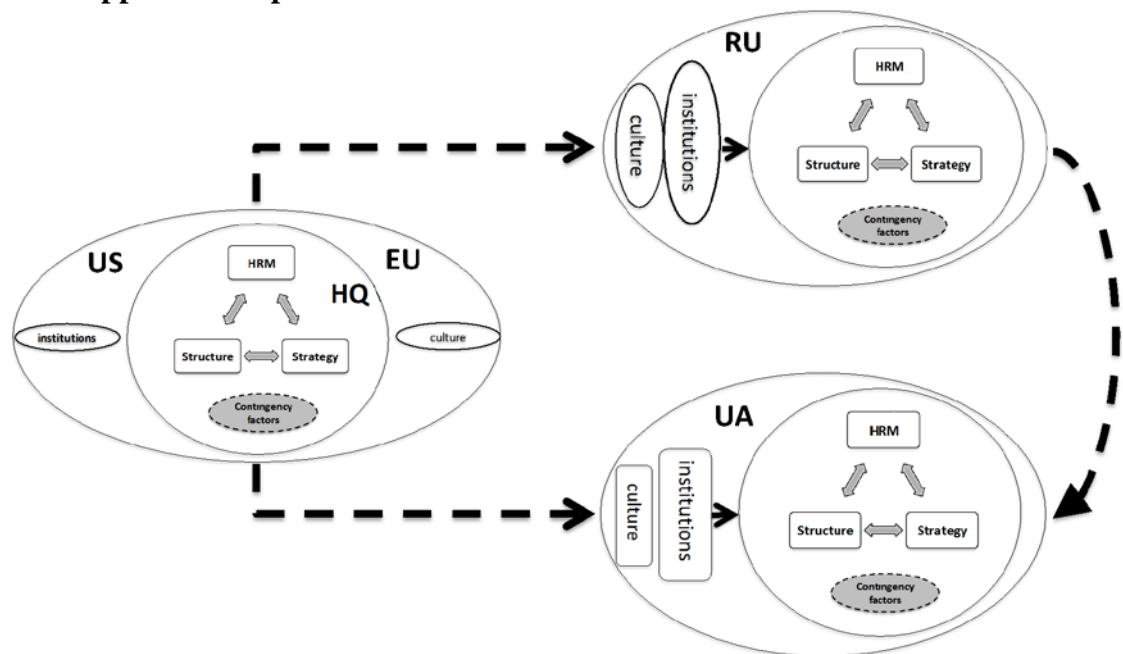
2.5. Synthesis of the Framework

Following the path of the concepts presented above and the theoretical assumptions, this research will focus on the transfer of human resource management practices from Headquarters of Western multinational companies to their Ukrainian subsidiaries. It will aim at answering the question: **“What are the national context effects in transfer of HRM practices from headquarters of Western MNC to their Ukrainian subsidiaries?”**

The national context effects referred here to understand the effects of the host-country, Ukraine, or the culture and institutions of these host business environments. It is important to study cultural features in addition to the institutional context because of the conditioning brought about by the transition state in which these countries find themselves; where institutions are still underdeveloped and informal practices still prevail (Giordano, Hayoz, 2013). It is important to consider such external factors as culture and institutions as well as internal factors represented by company structure, strategy and other micro-political aspects. The HRM practices, which are common to domestic business and probably, deeply rooted at brownfield enterprises represent the central focus of research, as it would prove the strong influence of host country effects.

The conceptual model, which shapes the analytical framework for current research was adapted from a study by Waechter et al. (2003) and has been presented in Figure 9.

Figure 9. Applied conceptual model



Source: Adapted from Waechter et al. (2003)

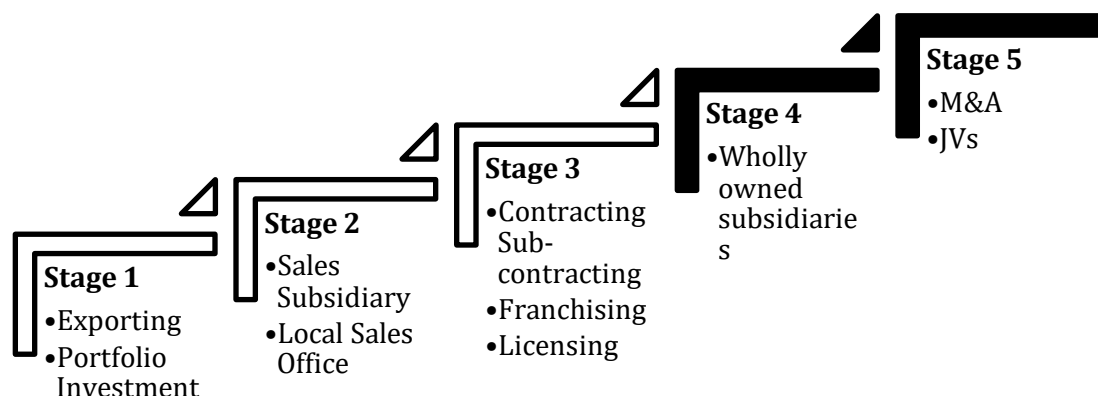
The model explains the process of transfer of HRM practices from a company's Headquarters originated from such developed economies like US and European Union (on the left) to their Russian (RU) and Ukrainian (UA) subsidiaries (on the right). The arrows show the direction of transfer as well as the obstacles represented by institutional and cultural contexts of the recipient economies. It is the top-down transfer that will be studied in the current research; however, the broken arrows in the figure above point to those cases where such transfers may be weak or even absent.

Because the research on Ukrainian context is very limited, Russia was taken into account as a reference point and analysed for comparability purpose.

For purposes of clarity, it is important to mention the nature of the companies studied. Different authors use different names to describe companies with operations abroad, Multinational Enterprise (MNE), Transnational Company (TNC) or just International Company (IC). The current research is focused on the Multinational Company (MNC), referring to the definition: "organizations that conduct business outside their countries of origin" (Briscoe et al., 2012:7). More specifically, only corporations with the parent company registered outside the Russian Federation and Ukraine and with production manufacturing locations in more than one country are subjects of study here.

MNCs evolve through several stages, each of them requiring different strategic approaches for market entry. Figure 10 illustrates these various choices of market-entry.

Figure 10. Evolution of the Multinational enterprise



Source: Adopted from Briscoe et al., 2012: 32

The current research will be focused primarily on MNCs, which are in Stages 4 and 5, operations through wholly-owned subsidiaries and Mergers and Acquisitions. In this case, there may be two ways of subsidiary-development, through Greenfield or Brownfield. Greenfield refers to building the subsidiary facilities from scratch, on acquiring an open (green) field, while brownfield subsidiaries develop through acquisition of existing foreign-owned businesses (Briscoe et al., 2012). Both forms will be considered for the research.

Answering the research question the following analysis will be structured according to the research objectives.

For the first research sub question, (which HRM practices at Ukrainian subsidiaries of Western MNCs were adopted from or fully adapted to the local environment and what are the effects of the national context in shaping these practices?), it is necessary to:

- Analyse the business systems in Russia and Ukraine identifying the national context effects on HRM practices within these countries;
- Analyse the cultural features of the Russian and Ukrainian people that have an impact on HRM practices;
- Analyse the domestic human resource management practices employed in local Russian and Ukrainian companies in order to verify the finding in previous two objectives.
- Empirically evaluate the effect of national business systems on transfer of HRM practices in Ukrainian subsidiaries of Western multinational companies.

For the second research sub question, (How the organizational level effects inhibited or facilitated the transfer of HRM practices from the headquarters of Western MNCs to their Ukrainian subsidiaries?) the objectives are to:

- Analyse the influencing factors of organizational level on the process of transfer and formation of HRM practices in the Russian and Ukrainian subsidiaries of Western MNCs.
- Empirically evaluate the extent of transfer of standardised HRM practices in Ukrainian subsidiaries of Western multinational companies and the effect of internal factors on it.

For the third research sub question, (Which HRM practices at Ukrainian subsidiaries represent standardised Western approach and what are the effects of the national context in successful integration of these practices?), the objective is to:

- Analyse the standardised HRM practices implemented by Western MNCs in Russia and Ukraine, which were successfully integrated as well as those, which were disintegrated.
- Explain the role of the effects of the national context and the organizational level effects in shaping HRM practices.

III. National Context or Host Country Effects

3.1. Historical Insight

The modern post-USSR countries of the Russian Federation and Ukraine have close historical ties rooted in their common origin from Kievan Rus', a federation of East Slavic tribes that was established in 882 and centered in Kiev. One can argue that modern people and institutions have nothing to do with such ancient history, but the recent Ukrainian crisis reveals perceived offences that date back for centuries. The way in which history is presented in post-USSR schools shapes the attitudes and values of the population. In Ukraine, such history was rewritten after the country gained independence and attempted to develop a national identity significantly different from Russia's or the former USSR. Communism and the Russian empire were presented in the Ukrainian education system as "external powers that forcibly took control over Ukraine" (Portnov, 2011). This perception of Russia has had a negative effect on the relationship between the two nations.

Since Kievan Rus', Kiev has been a significant source of Ukrainian identity. The unity of populations was unquestionable then; people spoke the same language across the entire territory (Tolochko, 1987). The location of Kiev provided prosperity to the Kievan state for centuries, because it controlled the three main trade routes of Eastern Europe. In 988 the Grand Prince Vladimir introduced Christianity to Kievan Rus', introducing the art of reading and distinguishing new Christians from other pagans. In addition, Christianity allowed marriage with members of the European aristocracy, providing political stability and cultural interchange with Europe. In the 11th century, the position of Kiev was weakened by the growing influence of regional clans and internecine wars, due to the newly established system of power succession, which transferred power to the eldest member of the ruling dynasty rather than from father to son. In attempts to avoid rivalry with his family, the youngest son of Grand Prince Vladimir Monomakh, Yuri Dolgorukiy, moved to the far northeast of Kievan Rus' and established the new city of Moscow in 1147. In 1249 Kiev and almost all other cities of Kievan Rus' were destroyed by the Mongol invasion. During the rule of the Golden Horde (Tatars) in ruined Kievan Rus', all previous connections with Europe were abandoned, and the state's further development was slowed down.

The territories of the former Kievan Rus' were divided between the Grand Duchy of Lithuania on the West, called Galicia-Volhynia, and the Golden Horde.

Galicia-Volhynia was fairly well protected from Mongol invasions by its new ruler, and was able to flourish and protect its traditions and culture from Kievan Rus', while developing strong links with Europe. The spirit of independence and the Kievan Rus' heritage was deeply rooted in the minds of the Galicia-Volhynian people.

Kievan Rus' became independent from Moscow in the 15th century when the Golden Horde eventually disintegrated, transferring their autocratic approach to the new Russians. The southern territories fell under the rule of the Crimean Khanate (Tatars), while the western territories were taken by Lithuania. In 1569 the Grand Duchy of Lithuania and the Crown of the Kingdom of Poland signed an agreement to form The Polish–Lithuanian Commonwealth, significantly increasing the influence of Poland on the western Ukrainian territories. Polish rule brought prosperity to Ukraine as well as dissatisfaction with the new regime, mainly due to socage (land tenure) and Catholicism. Ukrainians resisted the new religion, intensively reviving Orthodoxy. Ukrainians had to learn Latin to communicate with their new rulers, which allowed them access to the world's cultural heritage. At the same time, European influence suggested Ukrainians might develop a new language different from Russian (Ul'yanov, 1966).

In 1533 Ivan Grozny, the Grand Prince of Moscow, conquered the Khanates of Kazan, Astrakhan, and Siberia, significantly extending Russian territories and becoming the first crowned ruler as "Tsar of All Russia". He also destroyed the last democracy that existed in Kievan Rus'. In 1552 in central Ukraine (Lower Dnieper), the Cossacks established Zaporizhian Sich to defend people against the frequent and devastating raids of the Crimean Tatars, who captured hundreds of thousands of people for slavery. The Cossacks included Ukrainians, Russians, Jews, Moldovans, Poles, Lithuanians and Tatars who wanted to escape from any kind of oppressive rule. Because of Ukraine's location on the borders of the Polish–Lithuanian Commonwealth, Crimean Khanate and Russia, it was commonly called "Oukraina", meaning "the border region". Later, this name was applied to other territories controlled by the Cossacks and to people living there, replacing the previous name Kievan Rus'. The Cossacks became central to Ukrainian identity as a nation (Werdt, 2001).

To protect Oukraina's independence from neighboring nations, the Cossacks fought on one side or the other, showing no consistent loyalty to any side. Eventually, the Cossacks freed Kiev from Polish rulers and became national heroes. Zaporizhian Sich was renamed Hetmanate, as Hetman was the general of the Zaporizhian army.

Despite Hetmanate's numerous and skilled troops, it could not survive without a strong protector, either Turkey or Russia. The common Orthodox religion was decisive in the choice to sign an agreement in 1654 to reunite the Ukrainian and Russian people. However, the Russian tsar's rejection of Hetmanate rules created strong dissatisfaction among the Cossacks, leading to disassociation with Russia. For Russia, the agreement with Hetmanate was beneficial, providing "a window to Europe" and access to Black Sea.

The turning point in the relationship between Russia and Ukraine was during the Russo-Swedish War, when the Cossacks under Hetman Mosepa betrayed the Russian Empire in the hope of gaining their independence and were destroyed by the Russian army. Hetmanate lost its previous autonomy and by 1764 it was liquidated, taken over by the Russian Empire.

3.2. The USSR and the Common Path of Russia and Ukraine

According to Soviet historiography, the USSR was founded in 1922 as a union of republics, in which the proletariat took power and signed an agreement to create the USSR. In 1939 the western territories of Ukraine were annexed to the USSR, which some factions of the Ukrainian population considered an occupation. The condition of the population after Polish imperialism was very poor, but the Ukrainian territories were attractive for the USSR, providing fertile ground for agriculture. Apart from agriculture, under the USSR other industries were highly developed such as defense, energy and manufacturing. Ukraine, with its large but compact territory, favorable climate, equally distributed population, absence of internal conflicts and external debts could have become the most advanced economy in Europe.

In the USSR, the Communist Party "[...] made all important decisions, initiated all changes, and extorted loyalty and obedience from the subjects" (Riabchuk, 2009:23). Filatochev et al. (1999:478) add, "During the period of central planning in the former USSR, most strategic decisions were made at the center with enterprises carrying out routine, planned operations. In effect, entrepreneurship was concentrated in the Ministries which tried to run the country as a single firm". Regarding the budget, enterprises had soft constraints, and no rewards for innovation were provided.

Human resources practices in the Communist era were common to all republics and had specific qualities, described by Fey et al. (1999: 70):

“Russian firms have viewed employees as a cost rather than as a source. In addition, while Russia has had a well-developed and demanding educational system that Russians went through prior to begging work, relatively little attention was paid to skill development once a Russian was employed in a firm. The Russian labor market has also historically been inefficient. Artificial constraints (e.g., poor labor mobility due to needing a permit to live in each town) have limited career progression and thereby decreased incentives for people to work hard. Further, salary differentials were very small in Russia during Communist times; even if you could obtain extra money, it had limited value since there were few goods available to purchase. In Russia, it was products and contacts, not money that had the greatest value. All adults were expected to have a job in Russia, and many jobs were created to ensure full employment. Since there was limited focus on the enterprise making money, less attention was given to finding ways to motivate employees to work hard than is the case in the West.”

These features of management were deeply rooted in the minds of post-USSR people and after the republics’ independence, many scholars observed this mindset at some modern Russian and Ukrainian firms. In 1991, when the republics of the former USSR had the choice to stay with Russia or to remain independent, 90% of the Ukrainian population voted for independence. Since then, Ukraine has been struggling with the transformation of its institutions from the Soviet regime to a democratic state, eventually creating pluralism (Riabchuk, 2009). For Russia, the democratic transformation was also painful, until Putin became prime minister in 1999.

3.3. Post-USSR Capitalism in Russia and Ukraine

Western scholars have applied theories on the varieties of capitalism and new institutionalism to answer the question: What type of capitalism is developing in Russia and Ukraine? These scholars’ work provides useful information on institutional characteristics in these two countries. Some scholars argue that Russia and Ukraine have the same type of capitalism, while others claim the opposite; there is no agreement on what type of capitalism is emerging.

Among authors who place Russia and Ukraine in the same category, Lane and Myant (2007:35) calls the economic model in these two countries “hybrid state/market uncoordinated capitalism”. He describes the countries as:

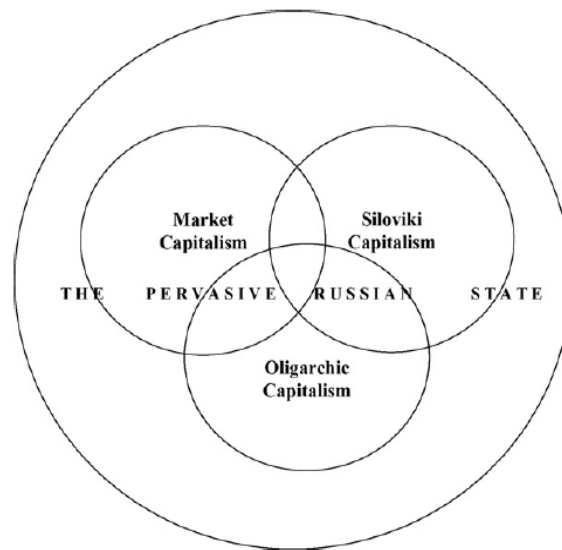
“A relatively economically poor group which has had an unsuccessful period of transition with exceedingly high income differentials, and high levels of poverty and unemployment. They have the characteristics of low-income, primary sector exporting countries, with very low integration into the global economy. They have particularly low levels of domestically sourced investments, though those with a large energy sector have significant foreign direct investments. While they have pursued privatization and market monetary exchange, they lack the psychological, political and societal preconditions necessary to support modern capitalism.”(Lane and Myant, 2007:35)

Martin (2006) found Central and Eastern European countries to be similar in terms of managerial power, referring to these post-socialist countries as having an economic system of managerial capitalism. For Martin, this type of capitalism is based on “managers’ control over a decentralized system, with residual employee collective organization. Trade unions have little workplace representation, but maintain political influence. Managers are increasingly adopting the rhetoric of HRM, though application is limited” (Martin, 2006:1353).

Some studies indicate differences between the Russian and Ukrainian institutional frameworks. Comparative analyses of Knell and Srholec in Lane and Myant (2007) demonstrate the complete difference in economic organization between Russia and Ukraine, wherein Russia was the most liberal and Ukraine the most coordinated. These results were based on the scores for three factors: low scores in social cohesion, labor market regulation and business regulation in liberal market economies, versus high scores in coordinated economies. Other institutional analyses of Russia and Ukraine have devised new names for their types of capitalism, because none of the theories can precisely explain economies in such transition. In the case of Russia, authors believe that the country is developing its own form of capitalism (Puffer, McCarthy, 2007). Blasi et al. (1997) describes the Russian economy as “Kremlin Capitalism”, based on the privatization process and ownership in post-USSR Russia. Hanson and Teague in Lane (2007) consider Russia to have “state capitalism”, in which executive power is divided between a president who is head of state and a prime

minister who heads the government; both authorities play an active role in running the state. Puffer and McCarthy (2007) apply a new institutional approach to explain why Russia has developed a system of state-managed network capitalism. The authors view this system as “consisting of three forms of network capitalism that coexist in its transition economy—market, oligarchic, and siloviki—and the relationships among them, all existing within the pervasive environment of the Russian state” (Puffer and McCarthy, 2007:4) (see Figure 11). In such economy formalized institutional foundations are weak, and siloviki, or heads of ministries, support government influence by controlling major corporations. Oligarchic capitalism, according to authors, refers to “the economic activities of a small number of large and powerful financial-industrial groups operating in highly concentrated industries in the private sector, predominantly in natural resources” (Puffer and McCarthy, 2007:5).

Figure 11. Russian state-managed network capitalism



Source: Puffer, McCarthy, 2007:4

In contrast, other researches argue that Russia does not appear to be in transition to capitalism at all. Western advisors advocated a neoliberal policy to facilitate a transition to Anglo-American-style capitalism (Lane and Myant, 2007), but the use of neoliberal strategy caused the failure of capitalist development in Russia. Kotz (2001) challenges the assumption that capitalism is developing in Russia: “Not only does the neoliberal strategy produce bad macroeconomic outcomes and entail huge social costs,

it is also preventing the capitalist development sought by its advocates” (Kotz (2001:174).

Building on Palonski’s work on institutional theory, Sánchez and March (2002) concluded that out of four levels of transition to a market economy, Russia achieved only the first one and the country does not exhibit the inclination to move on from the first level. In short, under current conditions in Russia, a transition toward a true market economy is not likely.

To identify the development processes of the Russian economy, Bessonova (1997) proposed a new framework based on redistribution. Similarly, Kirdina (2002) adopted Polanyi’s approach and developed a new institutional matrices theory that delineates the appropriate methodology and terminology to correlate the evolution of the Russian economy with the theory and practice of global development. Kirdina (2002:235) states:

“The attempt to replace the redistribution institutions by the market ones failed. It was evident because there was neither growth of the total efficiency in economy nor expected efficiency increase of the new companies. In 1998 after the default the state economic policy was turned to the search for the optimal and balanced combination of related market and redistribution institutions. Since the late 1990s–early 2000s (when new political leaders and actual president Vladimir Putin took the office) more attention was paid to the modernization of redistribution X-institutions rather than to the implementation of market Y-institution as it was before.”

According to Kirdina’s theory, every country has X and Y institutions. In Russia, China, India, most Asian and Latin American countries predominant X-matrix institutions, while Y-matrix institutions are complementary and additional. By contrast, Y-matrix institutions predominate in most European countries and the USA, while X-matrix institutions are supplementary there.

The X-matrix is characterized by the following basic institutions:

- In the economic sphere: institutions of the redistribution economy. In a redistribution economy, the centre regulates the movement of goods and services and the rights to their production and use.
- In the political sphere: institutions of unitary (unitary-centralized) political order.

- In the ideological sphere: institutions of communitarian ideology including the dominance of a collective, public values over individual ones and a priority of We over I.

Table 12 presents the X and Y matrix:

Table 12. X - Y matrixes

Functions of institutions	X-institutions	Y-institutions
Fixing of goods (property rights system)	Supreme conditional ownership	Private ownership
Transfer of goods	Redistribution (accumulation concordance-distribution)	Exchange (buying-selling)
Interactions between economic agents	Cooperation	Competition
Labor system	Employed labor	Contract labor
Feedback signals (effectiveness indexes)	Cost reduction (X-efficiency)	Profit markup (Y-efficiency)

Source: Kirdina (2002)

Russian scholars widely used matrix institutional theory in their analyses of the country's economy, but more Russian-language publications are based on the study of economic mentality. For instance, Gaidai (2006) conducted a study on the Ukrainian economic mentality, defining economic mentality as a way of thinking about and understanding one's surroundings. This mentality is fundamental to the national culture and character and encompasses the norms and values of certain groups, people, or nations. Gaidai (2006) believes that in Ukraine, capitalism began to develop in the 19th century and that the Ukrainian economic mentality has always been predisposed to market-based economic organization. Gaidai defined the elements of the Ukrainian economic mentality as individualism, independence, and anti-communalism, anti-authoritarianism. In addition, Ukrainians are used to relying on themselves instead of expecting governmental support, and they are hardworking and creative. These elements of the Ukrainian economic mentality define its similarity with the European mentality and its major differences from the Russian anti-capitalist mentality. Ukraine has regional differentiation: the Western territories of modern Ukraine were part of Poland and Austro-Hungary, their mentality was influenced by these colonizers, whereas Central and Eastern territories were part of the Russian Empire and accordingly strongly influenced by Russia.

Balabanova (2001) has extensively studied the Russian economic mentality, and found that a low population interferes with voluntary specialization and a division of labor, which leads to ineffective utilization of available resources, weak development of exchange mechanisms and lower profitableness of work. For people living in survival

mode, communality was the most efficient way to organize social and economic life, along with uniform centralized management. This type of organization created a strong government that impinges in all spheres of life. Government represents both the subject of violence and the source of necessities. Monarchal traditions predominate in the economic mentality of Russians in need of a leader. The Russian economy differs from market ones by lack of ownership over any kind of material or immaterial object. Ownership in Russia is conditional, which is why competition for economic resources was built not on gaining ownership, but on capturing control over distribution of resources. The government always had the right to expropriate properties, causing high entrepreneurial risks and a lack of long-term strategizing. A paternalistic mentality developed in Russian society, wherein people had limited choices.

In Russia and Ukraine, institutions are mostly informal; in Russia, development of informal institutions has been stronger for three reasons: communal mentality, orthodox religion and state position (Degtyareva, 2005). Such informal economic relations build values and a shared economic mentality among Russians. Although both Russia and Ukraine share a socialist past and have the highest degree of embeddedness in the centrally planned socialist system, they can be differentiated based on the transformation process.

3.4. Business System in Russia

Based on Whitley's model described in first chapter and numerous scientific articles (May, Puffer, McCarthy, 2005; Camiah, Hollinshead, 2003; Engelhard and Nagele, 2003; Meyer and Peng, 2005; Clarke, 2004; Puffer and McCarthy, 2007; Hanson and Teague, 2005; Blasi et al., 1997; Kalabina, 2011; Gurkov, Zelenova, 2008; Zudin and Golikova, 2011), it is possible to identify characteristics and types of firms, business systems and work systems common to Russia HRM practices. In addition, results of this analysis could be compared with the model of local HRM practices in Russian in order to validate the theoretical assumptions.

3.4.1. Institutional features

The Russian business system can be described in terms of four institutional arenas: the state, the financial system, skill development and control, and trust and authority.

State structure and policies. Russia's state structure after the collapse of the USSR did not significantly change: "government retained an ownership position in thousands of enterprises that were privatized, giving it ability to influence or block important strategic decisions within those firms" (Puffer and McCarthy, 2007:4). The state has monopoly control of the natural gas industry and of oil export pipelines (Hanson and Teague, 2005). Since Putin reestablished central control, the state has become unified and a stronger interlocutor, able to assert itself over private interests. Consequently, "the state takes a more 'Dirigist' approach in stricter regulation of all other segments of economic activities" (Gurkov, Zelenova, 2008:4). Under Putin, the state began to directly or indirectly control large Russian corporations. The small business sector became very weak (Basareva, 2011) due to the institutional trap, in which the government suppresses this segment through widespread corruption. Despite the state's power, formal regulatory institutions are not sufficiently developed to guide decisions (Galiulina, 2011), and therefore business people have relied upon informal institutions for decision-making rules. As a result, the Russian economy lacks intermediaries (Zudin, Golikova, 2011) and horizontal and vertical integrations. Cooperation between competitors is very weak as well (Hanson and Teague, 2005). Because of political risks, business owners are usually directly involved, creating vertical integration of ownership. Also, state coordination mechanisms lack transparency, forcing owners to tightly control their businesses and hold personal political negotiations. According to Whitley (1999), such a situation corresponds to the "state-guided" business system, with widespread Taylorist and patriarchal work systems, characterized by low task-fragmentation, high managerial control, low worker discretion, high separation of workers from managers, low employer commitment, and job-based rewards or personal evaluation of performance.

The banking and financial system. Banks in Russia have not been willing to risk their money with many Russian enterprises. Banks are wary of the financial risks posed by enterprises and their lack of legal recourse in an economy where nonpayment of debts is epidemic. As a result, many banks concentrate on a few customers they know well and on taking control of companies. Foreign banks offer little relief for Russian enterprises. They have been drawn into the Russian government securities market, which offers high yields and none of the complications of lending money to troubled industrial firms (Blasi et al., 1997). "In the still undeveloped financial services sector, some organizations have begun to provide the foundation for capital markets"

(Puffer and McCarthy, 2007:5). The undeveloped capital market sector consists of large and mid-sized privatized companies that are not yet actively traded. Such a financial system, based on credit, reproduces low cooperation among competitors and low employer-employee interdependence (Whitley, 1999). Companies experience high employee turnover, and therefore are not willing to invest in personnel development. In such an environment, there is a high separation between manager and worker. The credit-based financial system would place profit gain ahead of growth, and thus would include profit sharing in compensation packages and would appraise employees based on results and financial output. Rewards would be tied to the employee's position instead of skills or potential, and decided upon according to short-term financial results.

The development, organization and control of skills. "Having become dislocated from industry after the collapse of the Soviet Union, Vocational Training Colleges (*Profuchilishche*) recently became the subject of decentralizing reforms intended to make them more responsive to local labor market demand" (Walker, 2006:1426). Young people still experience problems in entering the labor market, and therefore choose to spend more time on their education, or to experiment with a number of different jobs. "Getting on" in Russian companies is related more to personal connections and less to skills and education (Bjoerkman et al., 2006). Due to the gaps in Soviet public education, business practitioners in modern Russia are deficient in their knowledge of business strategy, marketing, finance, human resource management, international trade and foreign languages (Vlachoutsicos and Liargovas, 1999).

The role of trade unions in Russia has also changed dramatically. Traditionally, Russian trade unions focused on redistribution of social benefits and limited exchange of information with workers. Today, Russian trade unions are losing their power (Kozina, 2009) and do not represent a viable force (Gurkov and Zelenova, 2008). Despite recent improvements in the formal apparatuses of collective bargaining, the power of trade unions is still limited by a lack of institutional and financial resources. As a result, trade unions experience difficulties in increasing membership as well as in supporting workers in various disputes with employers. (Clarke 2004).

Instead, negotiations for employees' compensation have begun to be conducted on the individual level (Cheglakova, 2008). According to Whitley (1999), the collapsed vocational training system forces MNCs to implement more extensive training and decentralized bargaining would reproduce individual negotiation for compensation.

Trust, authority and loyalty. Many authors argue that modern Russian managers have no trust in government, lack “transparency in dealing with authorities” (Camiah and Hollinshead, 2003:254) and have little respect for “senseless” laws (May, Puffer, McCarthy, 2005:26). “Mutual trust often exists within closed networks of personal relationships” (Engelhard and Nagele, 2003:269). As a reaction to such mistrust, relationships of “blat” (corruption) became vital “to gain such benefits as building trust in inter-enterprises relations, security of business partners and clients, governmental support of business activities, and access to the required resources” (Butler and Purchase, 2004:34).

The management style of the Soviet enterprise can be characterized as ‘authoritarian paternalist’, with the enterprise director having absolute authority in the enterprise, which was represented as a ‘labor collective’ (Clarke, 2004:8). The director would not be willing to delegate responsibilities due to the lack of formal procedures. According to Whitley (1999), the low level of trust encouraged direct supervision of work processes and an unwillingness to delegate control to managers through formal procedures.

3.4.2. The Business System Characteristics

Following the theoretical model described in the first chapter, it is important to elucidate the business system characteristics that Whitley (1999) groups into three categories: ownership coordination, non-ownership coordination, and employment relations.

Ownership coordination. The privatization of state enterprises in post-Soviet Russia was focused on a distribution to employees and managers, and they represent the majority of shareholders today; however, they have almost no influence on strategic decisions (Blasi, Kroumova, and Kruse 1997). The multinational companies and large corporations are controlled by strategic investors, who centralize the management of such businesses. Large Russian corporations, especially in the natural resource sector, tend to integrate vertically by acquiring suppliers and processing enterprises to establish an integrated production chain (Clarke 2004). Some of these companies that are in sectors dominated by a relatively small number of large producers of standardized products integrate horizontally in order to strengthen their position in the economically and politically uncertain environment (Clarke 2004).

Non-ownership coordination. In Russia, there is no consensus or cooperation between large firms across major policy issues. The major obstacle to cooperation between competitors in Russia is a lack of available information (Hanson and Teague, 2005). Golovanova and Kadochnikov (2011) showed that despite the very low vertical and horizontal integration for machinery manufacturers, the IT sector is much more integrated in Russia. Zudin and Golikova (2011) underlined the tendency of Russian large and midsize companies to enter into business associations, which currently represent 54 % of companies. Such associations aim to lobby the government, and play an important role in supporting new presidential candidates and representatives of the leading political parties.

Employment relations and work management. Much has been made of the absence of an effective judicial system in post-Soviet Russia. In the case of multinational companies, many have adapted to local conditions by implementing “commission payments” and employing “security companies” to secure and enforce contractual agreements with Russian partners (Clarke, 1998, 68). The labour contract environment is not the same because of the unbalance of power and resources, and this has created a history of mistrust and suspicion between Russian workers and managers (May, Young, and Ledgerwood, 1998, 454).

Collective agreements and trade unions are common in large Russian companies due to government influence; however, in smaller companies workers are not well protected because there are typically no active trade unions there. Notwithstanding, the Russian courts will favor an employee with a grievance in the event that the employee takes the complaint to court. (Gurkov and Zelenova, 2008)

Manager–worker relationships differ according to the type of company. In Russian enterprises, there is a virtual “obsession” among some managers to manipulate and control employees in order to maintain their own positions (May et al., 1998). In the case of MNCs, line managers have less power within a strict hierarchical structure. In any company, there is a strong differentiation between core and peripheral employees, and the latter are often discriminated against (Kalabina, 2011).

Employer–employee interdependence is stronger in large local companies, where a career path can develop within the company and compensation depends on how long an employee has worked at the company (Kalabina, 2011). In other cases, the Russian labor market has high turnover and employer–employee interdependence is fairly weak.

According to Whitley (1999:93): “low employee involvement in decision making reproduces the appraisal for result and performance improvement”; in addition, such a work system usually has

“higher job standardization and simplification, so that skilled workers could be replaced by unskilled and cheaper ones, and enables rewards based on the amount of standard outputs produced by each role incumbent, as distinct from their specific skills or personal capacities, and did not reward workers’ initiatives in solving problems.” (Whitley, 1999:95)

Based on the above information and Whitley’s theory, Tables 13 and 14 show the linkages between business system characteristics, institutional features, and HRM practices.

Table 13. Theoretical links between institutional features and business system

Institutional features	Business-system characteristics							
	Direct owner control	High ownership vertical integration	High ownership horizontal integration	Low alliance vertical integration	Low competitor collaboration	Low alliance horizontal integration	Low employer-employee interdependence	Low delegation to employees
State								
Dominant, risk sharing state	1	1		1	1	1		
Antagonistic to intermediaries				1	1	1	1	
Weak market regulation			1		1		1	
Financial system								
Credit based		1	0		1		1	
Skill development and control								
Weak public training system					1		1	1
Weak unions			1				1	1
Dominant organizing principle of unions								
Decentralized bargaining			1		1			
Trust and authority								
Low trust in formal institutions	1			1	1	1	1	1
Paternalist authority	1							1
Lack of communitarian authority			1				1	1

Source: adapted from Whitley, 1999

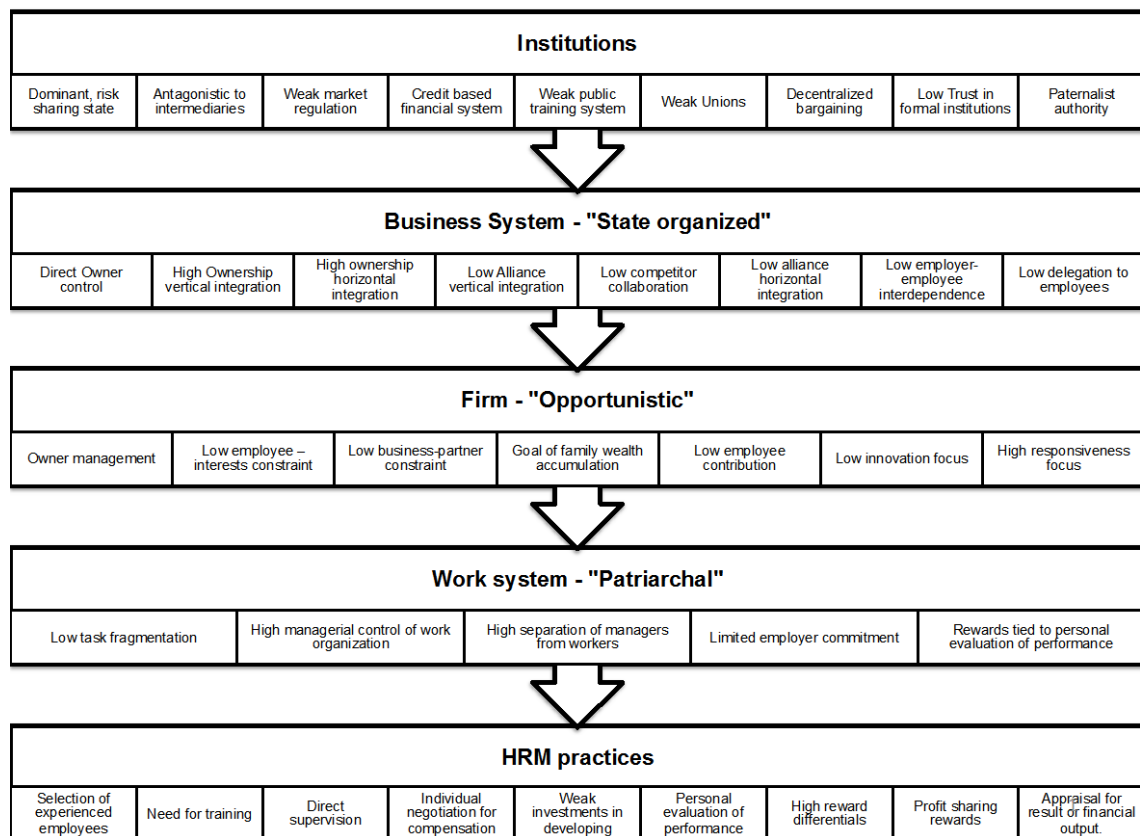
Table 14. Features of institutional contexts associated with five ideal types of firms

Institutional features	Firm type				
	Opportunistic	Artisanal	Isolated hierarchy	Collaborative hierarchy	Allied hierarchy
State					
Supportive, risk sharing state	-	+	-	+	+
Predatory state	+	-	-	-	-
Antagonistic to intermediaries	+	-	+	-	-
Considerable market regulation	-	+	-	+	+
Financial system					
Credit based			-	+	+
Capital market			+	-	-
Skill development and control					
Strong public training system	-	+	-	+	+
Strong unions	-			+	
Strong occupational groups	-				-
Centralized bargaining	-		-	+	-
Trust and authority					
Low trust in formal institutions	+	-	-	-	-
Paternalist authority	+		-	-	
Communitarian authority	-		-	+	+

Source: Whitley, 1999:84

The model shown in Figure 12 illustrates the Russian business context in terms of generalized or ideal types of theoretical characteristics, without consideration of differences between the four major sectors of companies operating in the Russian market including state-owned, MNCs, large corporations and SMEs (Festing et al., 2010).

Figure 12. Characteristics of the Russian business context



Source: composed by author based on Whitley's (1999) business system approach

3.5. Business System in Ukraine

In Ukraine, the post-Soviet institutional context is considerably less developed than Russia's (Latov, 2006). Estrin (1999) believes that Ukraine was one of the less advanced transition economies and that its economic and investment climates were much less attractive compared to Russia. Ukraine is exceptional for its lack of transparency; undeveloped institutions; unfair competition; unstable and unpredictable governmental policy; weak judicial system that can't protect either investors or creditors; strong intervention of the state in investor activities with frequent checkups. The lack of tools for implementing and enforcing laws, combined with the impossibility of planning and predicting, make investors' situation worse (Soldatenko and Fedorenko, 2005; Lesyk, 2005).

3.5.1. Institutional features in Ukraine

In keeping with the theoretical framework, the analysis of the Ukrainian business context will be structured based on four institutional arenas: the state, the financial system, skill development and control, and trust and authority.

State structure and policies. In Ukraine, the involvement of the state is high, and product markets are mildly regulated (Mykhnenko, 2005). The state provides moderate protection for domestic product markets, while the administrative burdens and barriers to entrepreneurship are relatively low. Mykhnenko (2005) considers the regulatory framework of Ukrainian product markets to be similar to Belgium's. Mykhnenko (2005:90) argues that in Ukraine "the big business is the most powerful economic center. In 2003, Ukraine's ten largest companies produced over 16 percent of the gross national output (i.e., the sum of gross value added and intermediate consumption), whilst the top fifty firms covered almost one-third of the gross output". Nureev (2000) confirms Mykhnenko's research: the Ukrainian business structure consists of the large industrial and corporate sector (70%), state enterprises (17%) and family-owned businesses (13%).

According to the opinion of the local businesspeople, the three most significant obstacles to doing business in Ukraine were taxation, finance, and corruption.

The banking and financial system. The financial system of Ukraine is greatly underdeveloped and bank-based contrary to the market-based model of capitalism. The central role in financial system plays Central Bank, which is half the size of all commercial banks. As a result, the Ukrainian government represents a strong influence on the financial markets, with commercial banking being concentrated and domestically owned.

As Mykhnenko (2005:90) points out, "the role of direct foreign investment in Ukraine appears to be moderate". Although Ukraine's foreign trade and investment regulations are more open and formally liberal than Russia's, the amount of FDI Ukraine attracts has been disproportionately low; the largest share of FDI (32%) invested in Ukraine comes from firms in post-Communist countries (Russia, the former Soviet Union, and Central and Eastern Europe). The share of Western countries with total overseas investments in Ukraine has amounted to one half. The multinational presence in Ukraine has been low and private domestic capital dominates the national economy.

The development, organization and control of skills. The public education system in Ukraine is well developed and provides good vocational training in all areas except for business studies. This science is still new for Ukrainians and for universities slowly acquiring Western management disciplines. Many private schools have recently appeared that are more flexible in their program development and closer to business practices outside of academia. Ukrainian businesses are not eager to provide training to students or recent graduates, preferring experienced employees. As a result, the bridge between education and business in Ukraine is very weak. The major investor in education system in Ukraine is the state, while private spending on education in Ukraine is relatively small. According to Mykhnenko (2005:101), “A relatively strong higher education system, great importance of professional, technical and vocational education and training –all part of the Soviet educational heritage”.

Ukraine’s industrial relations are characterized by a moderate degree of wage-bargaining centralization, extensive coordination, a high level of trade union density, and broad collective agreement coverage. Ukraine, from Mykhnenko’s (2005) calculations, appears to have less flexibility in labor-market regulation, close to the level of employment protection found in Amable’s Continental European model (e.g., Austria). Mykhnenko (2005:92) explains that,

“Since the second half of the 1990s, the return of the Ukrainian state to the labor market has been one of the most important changes from the previously chaotic transition period. The transformation of labor-capital relations has been amongst several profound developments in employment policy in Ukraine in this regard. The first half of the 1990s was characterized by an increasingly high degree of wage inequality. Since the mid-1990s, however, the development of neo-corporatist arrangements in Ukraine has resulted in a reversal in the process of wage differentiation.”

In general, Ukraine’s industrial relations resemble the Russian system, because they share a past in the Soviet Union. Trade unions in Ukraine continue to enjoy large membership despite a lack of resources (Croucher, 2000), and the Communist party’s support places the country’s various sociopolitical institutions among the lowest ranking (Kubicek, 2002)

Trust, authority and loyalty. According to Mollering and Stahe (2007), political instability and uncertainty in Ukraine does not only turn away foreign

investors, but also upsets the Ukrainian population. Only over the past decade Ukraine already went through two revolutions showing a deep mistrust between the state and the population. This caused people to become more dependent on each other building the trust within closed networks. In order to get an access to necessary resources, the bribery system was established replacing formal procedures and institutions. As result, the ways in which Ukrainians do business become more relationship-oriented.

Such informal approach is rooted in deficits during the Soviet era, when formal institutions could not satisfy the needs of population. Before, enormous uncertainty prevented trust production outside of existing networks, because “at that time, everyone would have taken as much money as possible, as you did not know what would happen tomorrow,” (Mollering and Stahe, 2007: 25) people now value the new relative stability and “nowadays might sometimes behave particularly correctly towards the foreign company, because it is seen to be something very special to work with foreigners who can supply a little stability, which is still a very scarce resource here.” (Mollering and Stahe, 2007: 27).

3.5.2. The business system characteristics in Ukraine

The literature on the Ukrainian business system provides limited information that mostly relies on comparison with Russia. The research to date has focused on the post-USSR environment as a whole, without clear separation between certain countries. For the purpose of this study, the hypothetical differences will be outlined and then tested empirically. Following the theoretical model described in the first chapter, this section has three categories: ownership coordination, non-ownership coordination, and employment relations.

Ownership coordination. The extent of owners’ involvement in Ukraine was found to be lower than in Russia. As Filatotchev et al. (1999: 480) explained:

“A major criticism leveled at large scale, rapid privatization is that although ownership changed, management largely did not, since the programs themselves were biased towards the acquisition of ownership by incumbents without the need for outside finance. Outside shareholders may however, be more pre-disposed to achieve such changes by replacing existing inefficient managers with more able and better trained corporate entrepreneurs. To the extent that managers have greater equity stake and outsiders have less influence, the degree of replacement of directors is expected to be significantly lower.”

In the underdeveloped financial sector, creditors (mainly banks), which lack monitoring skills, would also lower owners' control.

Non-ownership coordination. Because the number of privatized companies in Ukraine was much smaller than in Russia, the government retained significant control over production and reintroduced many of the institutions of central planning. Privatized companies “were carefully selected by incumbent managers with strong political contacts” (Filatotchev et al., 1999: 481) who relied on their contacts in the government. The lack of control and regulations initiated owners' personal appropriation of the firm's resources.

Employment relations. The interdependence between employer and employee is weak in Ukraine (Shmidt, 2009). During the continuing crisis, Ukrainian companies have laid off employees, resulting in substantial decreases in employment. The state-owned companies and some private ones “have turned far more to unpaid and partially paid administrative leave, short-time working and ‘unpaid employment’ involving wage arrears or the non-payment of contractual wages” (Standing and Zsoldos, 2000:46). Employees who fear unemployment will prefer wage cuts or even unpaid employment for a long and uncertain period.

3.6. Comparative Institutional Analysis of Russia and Ukraine

Tables 15 and 16 present the institutional features and business system characteristics in Russia and Ukraine. Based on Whitley's (1999) model and the available literature, indicators were assigned.

Table 15. Comparative analysis of institutional features in Russia and Ukraine

Institutional features	Russia	Ukraine
State		
Strength of state's coordinating and developmental role	High	Some
Strength and incorporation of intermediaries	Low	Low
Strength of market regulation	High in oil and gas/Low for other industries	Some
Financial system		
Capital market or credit based	Credit	Credit
Skill development and control		
Strength of public training system	Low for business	Low for business
Union strength	Low	Low
Dominant organizing principle of unions	Employer	Sector/Employer
Centralization of bargaining	Low	Low

Trust and authority		
Trust in formal institutions	Low	Low
Paternalist authority	High	Some
Communitarian authority	Low	Low
Contractarian authority	Low	Limited
Typical business environment	Dirigist	Dirigist

Table 16. Comparative analysis of business systems in Russia and Ukraine

Business system characteristics	Russia	Ukraine
Ownership coordination		
Owner control	Direct	Direct
Ownership integration of production chains	High	?
Ownership integration of sectors	High	?
Non-ownership coordination		
Alliance coordination of production chains	Low	Low
Collaboration between competitors	Low	Low
Alliance coordination of sectors	Low	Low
Employment relations		
Employer-employee interdependence	Low	Low
Delegation to employees	Low	Low

According to Whitley's theory and based on the results in the tables above, one can argue that the Ukrainian business system is very similar to the Russian one; therefore, a Russian business system will be assumed for Ukraine in further analysis.

Russia is developing a state-organized business system, described by Whitley (1999) as "dirigist", an environment in which the state dominates economic decision-making. Unions are typically weak and state-controlled and bargaining is decentralized. Coordination is greater than in arm's length societies, but is centralized by the state. Firms and their owners are highly dependent on state agencies and officials. As a result, owners delegate little responsibility to employees and find it difficult to develop long-term commitments with business partners or competitors. Communal authority is low because of the minimal level of mutual trust and commitment.

In both countries, there is a low degree of trust in formal procedures and institutions because of the authoritarian, totalitarian regimes. Bureaucratic bargaining and personal networks of obligation and influence are the primary means of dealing with problems. As Whitley (1999: 95) noted: "Formal authority deriving from incumbency in hierarchical positions is unlikely to be regarded as legitimate in societies where such positions are tied to party membership and loyalty rather than attested expertise or more traditional criteria".

From this theoretical assumption, the first propositions on host-country effects, which will provide the foundation for the first research sub question, can be formulated:

Proposition 1. In Ukrainian and Russian subsidiaries of Western MNCs there are following national context effects on HRM practices:

Recruitment and Selection

1a. The weak public training system forces companies to recruit via personal contacts and select experienced employees.

Training and Development

1b. Undeveloped vocational training in business and gaps in Soviet public education result in deficiencies in knowledge of business studies and foreign languages, and employees require extensive training in those areas.

1c. The financial system based on credit reproduces low employer-employee interdependence. Companies experience high employee turnover, and therefore are not willing to invest in personnel development.

Performance Management

1d. In Russia, a low-trust environment discourages employees' involvement in decision-making; employees are evaluated based on results; however, in Ukraine employees seek higher involvement in decision making, which would generate additional criteria for appraisal, such as the process and career development.

1e. Due to the lack of formal procedures and mistrust, managers are not willing to delegate responsibilities, instead preferring direct supervision.

Compensation and Benefits

1f. In Russia, weak trade unions and decentralized bargaining allows individual negotiation for compensation and high wage differentials; however, in Ukraine recent neo-corporatist arrangements reduced wage differentials.

1g. In credit based financial systems rewards are tied to the employee's position, instead of skills or potential, and compensation packages include profit sharing.

3.7. Cultural Differences in Russia and Ukraine

Institutions in specific nations are created under local cultural influence. Therefore, studying the cultural differences of nations can help in understanding institutional differences. Identifying the cultural specifics of a particular nation can help MNCs build strategic behaviors in their host countries, and this cultural understanding can help the host country to understand the requirements of guest MNCs, allowing the host country and MNC to better adjust to each other.

Although the Russian cultural context has attracted many scholars and has been extensively studied, Ukraine has been largely undiscovered, and there are few publications on its cultural characteristics. Even though Russia and Ukraine are close in their values and ethics, the Polish influence, and thereby a more European focus, exists in Ukraine (Gaidai, 2006). In the literature, there is not a consensus on Ukraine's cultural aspects. Some scholars (Mitry and Bradley, 1997; Gaidai, 2006) found Ukraine to be closer to the European model, with higher individualism, lower power distance and lower uncertainty avoidance than in Russia, but other researchers (Latov, 2006; Sheremet, 1999) have shown the opposite.

Authors have concluded that Russian culture has high power distance, high uncertainty avoidance, low individualism, and average masculinity (Elenkov, 1997). Some authors building upon Hall's theory have placed Russia under the "high-context-culture" definition. When Russian culture was analyzed using Christie's Mach IV Machiavellianism and Schulze's dogmatism, high scores in Machiavellianism and low scores in dogmatism were found (Elenkov, 1997). Christie's Machiavellianism consisted of a preference for using social-influence tactics and pressure for personal gain, and Schulze's dogmatism refers to having a rigid personality and a stronger tendency to retain one's own ideas, rejecting those that are new or different.

As Table 17 shows, cultural analysis can provide an explanation for differences in HRM practices between Russia and Ukraine. Rogovsky and Schuler (1997) summarized the existing literature on HRM practices in several countries, using Hofstede's cultural dimensions for comparison, and their results provided a model for HR managers of which practices would work best in which country. Based on the results of Rogovsky and Schuler (1997), we can connect cultural dimensions to specific HRM practices. Low individualism in Russia requires group benefits, whereas higher individualism in Ukraine allows individual benefits. Russian employees, having a high score for uncertainty avoidance, would expect fixed salaries, whereas Ukrainian employees are more apt to take risks and would like to participate in profit sharing. For power distance, Russia scored high and Ukraine scored lower. Higher power distance means that employees would rather follow orders than take initiative in the way that employees in low power-distance countries would.

Table 17. Cultural dimensions of Russia and Ukraine

Dimensions	Russia	Ukraine
Individualism	Low (40.1)	Higher (59)
Uncertainty avoidance	High (86.8)	Lower
Masculinity	Low (50.4)	Low
Power distance	High (88.7)	Low (41)
Machiavellianism	High (95.1)	No data
Dogmatism	Low (38.5)	No data
Time	Short-term oriented, polychronic	Shorter-term oriented, polychronic
Trust	Low trust outside of the group	Low trust outside of the group
Task vs. relationship oriented	Relationship oriented	Relationship oriented
High/low context	High context	High context

Source: Based on Rogovsky and Schuler, 1997; Elenkov, 1997; Latov, 2006; Sheremet, 1999; Gaidai, 2006; Mitry and Bradley, 1997

Based on the above analysis, the following proposition can be stated:

Proposition 2. Based on employees' cultural qualities the most suitable for Russia HRM practices would be as follow: Low individualism requires group benefits, high uncertainty avoidance means employees expect fixed salaries, high power distance compels employees to follow orders. Contrary, in Ukraine, higher individualism allows individual benefits, lower uncertainty avoidance encourages more risk taking and participation in profit sharing, lower power distance means that employees are more likely to take the initiative.

3.8. Local HRM Practices in Russia and Ukraine

Local HRM models in Russia and Ukraine are similar presumably because of their common past in the USSR and their inherited practices from the pre-transformation Soviet system. The HRM model in Russia is considered similar to the Eastern Europe model (Gurkov et al., 2009), although for many Russians the concept of HRM is new (Fey et al., 1999). In the Soviet era, HR functions were largely decentralized among five units responsible for personnel issues. As Gurkov and Zelenova (2008:9) state:

“The local Communist Party committee supervised general social atmosphere and had it final voice in all promotions. The personnel department dealt with routine functions of legal paperwork in hiring, firing and performance assessment. The local trade union was responsible for the social life, including holiday camps, kindergartens, sports and social events and the most important issue—allocation of housing among employees. The Salary department was

responsible for salary administration. Finally, the special unit in direct supervision of the Chief Engineer dealt with issues of job design and work safety. Such decentralization meant that there never has been a clearly articulated human resource strategy at enterprise levels.”

Although central planning ended twenty years ago, personnel departments are still unable to manage human resources in accordance with modern requirements. According to Gurkov et al. (2009) , in most cases, personnel departments are separated from strategic decision making and cannot advise executives on HRM issues, occupying the lowest rank among all functions in a company. Gurkov and Zelenova (2008) also observed that often, there is not an HR strategy within the department, and line managers are in charge of HRM. However, in the last few years there has been a positive trend of implementing successful HRM practices in Russia. Governmental intervention precipitated this trend, because the government is the arbiter in labor disputes, while trade unions have less power. In small and medium businesses, there are no active trade unions, and workers are usually powerless against their employers until the case is brought to the court. Governmental regulations including the labor code and the taxation code were changed to move a significant proportion of jobs out of the informal sector and to set a uniform rate for taxation of personal income from any source at 13%, with a maximum rate of 26% for the Uniform Social Tax. Another innovation was made in the realm of contracting and dismissing employees, in which line managers obtained more power in cutting positions (Gurkov et al., 2009). Although Russian labor legislation has recently become more flexible, some innovations have been resisted or have been ineffective.

Recruitment. The study of Gurkov and Zelenova (2008) shows that Russian companies prefer candidates who can adjust to the position as quickly as possible without any special training from the company. The most important element in recruitment decisions is a candidate’s connections with authorities. Such candidates are recruited mostly through personal connections, although the internet has become an important source of information for employees and employers. Among all possible selection procedures, interviews and the probation period are the only two procedures in most Russian companies. Interviews are conducted in two or three steps, which start in the personnel department and continue with direct supervisors, who make the final decision. In Russia, the probation period is still considered to not be the beginning of

real employment, but instead an employer's trick to save on salary and benefits. In some cases, companies terminate employees after the probation period without paying any salary.

Rewards and performance management. From the legal point of view, the “official system of reward management is based on two pillars—minimal wage and tariff system”, wherein the tariff system “scales wages according to the complexity of the particular work and relative level of payment for particular jobs of various complexities” (Gurkov, Zelenova, 2008:15). Except for the hourly wage, which cannot be touched, salaries are heavily taxable, and there is the legally approved possibility of decreasing or eliminating bonuses; therefore, Russian employers widely use penalties as a tool to allegedly increase efficiency. These penalties allow Russian companies to circumvent the law that makes employee fines illegal. A 2010 Russian Head Hunter survey found that 87% of 1,500 respondents confirmed that their employers use penalties as a motivation tool. Among the respondents, 61% were line managers. Compensation packages consisted of a small salary and a solid premium to insure proper performance in the Russian context. Performance management of workers and frontline employees is based on the supervisor's direct observations and recording of quality and quantity of work. The formal employee appraisal system in Russia is considered very weak (Gurkov et al., 2009), and a wide range of salaries prohibits employees from revealing their real income.

For large corporations, top managers participate in reward systems such as stock-related rewards and profit-sharing schemes. Compensation packages for all employees include social benefits (health insurance, meal and transport allowance, holiday allowance, educational allowance), and the 13th salary is very common in Russia.

Geographical divergence in compensation packages is a major issue for Russia. As Oshchepkov, Kholodilin and Siliverstovs (2009:4) noted: “in the current situation, both groups of high- and low-income regions form separate convergence clusters that in the absence of an appropriate federal policy will have a tendency to diverge one from another”.

Training and development. The Soviet training system, especially in the technical field, was able to compete internationally. Notwithstanding, after the fall of USSR such system was difficult to recover. As it was observed by Clarke and Metalina (2000:19): “While the old system of vocational retraining has largely collapsed, the

majority of new private employers make *very little provision for the training of their employees*". At the same place, for Russians, training is valued and needed. Gurkov and Zelenova (2008) in their study describe that the companies mostly outsource the necessary training programs from specialized providers in the form of seminars for key personnel. The government is also concerned with the lack of business and management education in the country and organizes a "large-scale program with intensive theoretical classes" followed by a practical knowledge exchange in Western companies (Gurkov, Zelenova, 2008:21). Recently, Russian educational institutions have begun offering MBA degrees.

HRM in Ukraine. Ukrainian scholars argue that the modern management system in Ukraine is rooted in the historical Cossack model (Gaidai, 2006), which was an amalgam of administrative and democratic methods. Khazak management was based on two principles: first, the unquestionable power of elders and very strict discipline during the battle; second, a democratic style of electing authorities with the help of Khazak Rada. The major innovation of such a system and its implication for management theory was effective feedback between Hetman and his constituency. If Hetman failed, the people discharged him immediately. Therefore, Hetman's unquestionable power was balanced by subordinates' control over him.

The Ukrainian mentality combines American individualism with the Japanese values of working hard and striving for improvement. The formula that fits Ukraine best is: "Our wealth is our human resources". For successful HRM it is enough to create comfortable work conditions and draw the real prospective opportunities (Gvozdiov, 2007).

Major Ukrainian companies have realized the necessity and importance of HR departments, and beginning in 2007, on average, companies hired up to 13 new employees for HRM tasks, of which about half were administrative workers and the other half were HR professionals (Shmidt, 2009).

As of 2014, Ukrainian HRM is not yet fully developed, although HRM is acknowledged to be vital for a firm's success. Motivation of personnel is the main focus of Ukrainian management, but companies keep repeating the same mistakes (Morozov, 2003), including the following:

- It is common for management to economize on employee compensation, paying bonuses at the end of the year instead of promised monthly payments.

- The amount of payments is not announced.
- Blue collar employees receive a tenth of a white collar worker's salary.
- Salaries are not paid regularly or on time.
- Salaries are negotiated individually, which means salaries are not the same at the same level of responsibility.
- Among motivation tools, the most common is a penalty system.
- Compensation is paid "in envelopes" to avoid taxes, and employees' pensions are marginally covered.
- Work conditions are very unhealthy and uncomfortable.
- There is an intuitive approach in HRM, which is not efficient and often leads to failed HRM practices (Morozov, 2003).

The above analysis of HRM practices in Russia and Ukraine shows that theoretical assumptions based on the business system approach are relevant for both studied countries.

3.9. The Chapter Synthesis

This chapter provided an overview of national business effects on HRM practices in Russia and Ukraine. Both institutional and cultural characteristics of Russia and Ukraine were presented based on the available literature and were structured according to the theories. For institutional analysis the Business System Approach, developed by Whitley (1999), was applied in order to derive the first Proposition. This proposition contains several parameters combining three layers of analysis. These layers are institutions, work system and domestic HRM practices. For each layer the dedicated publication were reviewed and assembled based on the theory. Within Proposition 1 several statement were made according to different HRM practices classified as Recruitment and Selection, Training and Development, Performance Management, and Compensation and Benefits. For each HRM practice the proposition explains how it was shaped within certain environment. Due to the limited studies about Ukraine only few institutional differences were observed between Russia and Ukraine.

The second proposition connects cultural characteristics of Russian and Ukrainian employees with HRM practices based on Hofstede (1980) theory. This analysis discovers more disparities between Russia and Ukraine challenging the institutional approach.

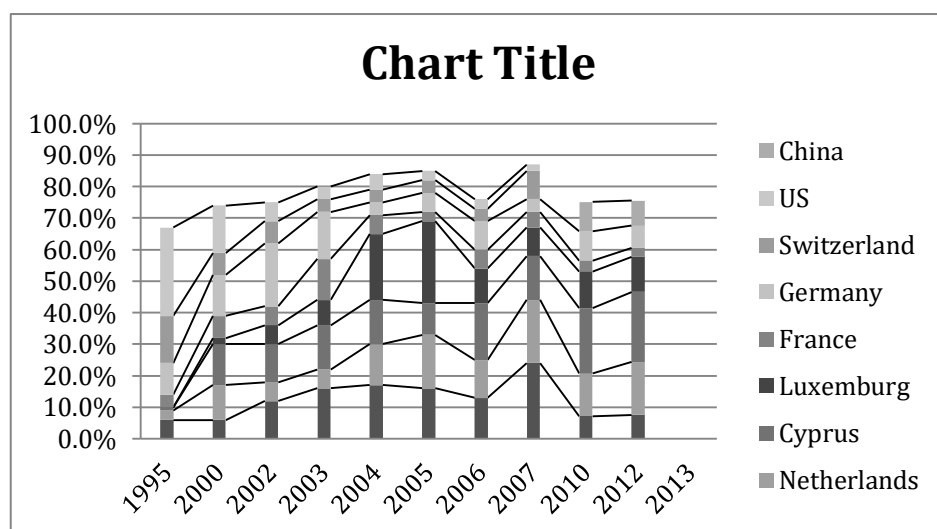
Due to the fact that current study is focused on Multinational Companies rather than Domestic ones, it is important to review academic sources on interaction of such companies with Russian and Ukrainian Business Systems. The following Chater will be dedicated to the analysis of MNCs in Russia and Ukraine and the process of transfer of HRM practices to these countries.

IV. MNCs and Transfer of HRM Practices to Russia and Ukraine

4.1. Foreign Direct Investments in Russia and Ukraine

Western countries have a significant influence on Russia and Ukraine in terms of the amount and sources of FDI in Russia and Ukraine. Russia attracted a larger proportion of investments from the US than from European countries right after the Soviet Union collapsed; although these proportions have reversed, as Figure 13 shows.

Figure 13. FDI in Russia

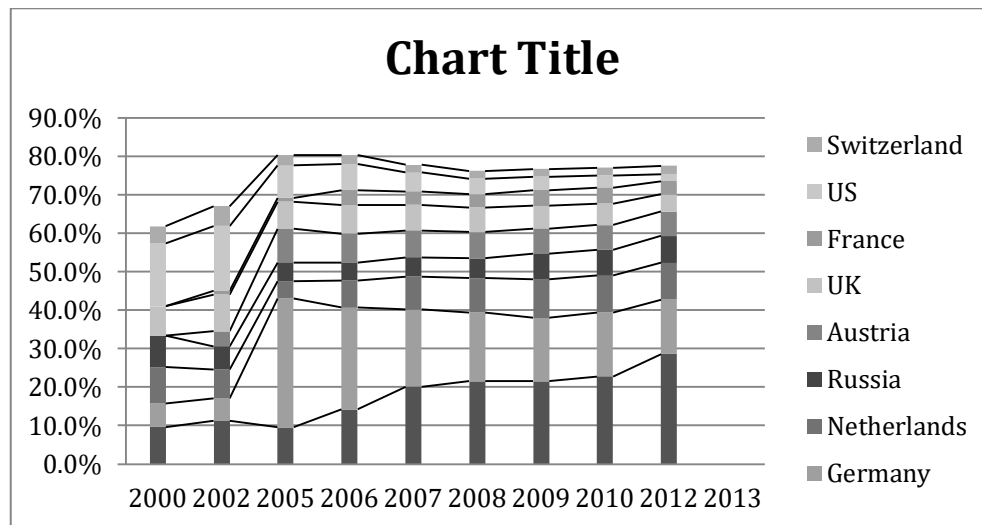


Source: <http://www.gks.ru>

The large proportion of investments from Cyprus, Luxemburg, the Netherlands and the UK does not necessarily represent businesses from these countries operating in Russia. Instead, Russian businessmen could be laundering the money through these countries, exporting the profits earned in Russia to these countries, and then investing the money back into Russia. US foreign direct investments to Russia were significantly reduced during the past several years and were replaced by Chinese investments.

As Figure 14 illustrates, in Ukraine the trend of US and European investments is similar to the trend in Russia, except that Russia is one of Ukraine's major investors. Investment from countries such as Cyprus and the Netherlands could also be explained by the tax evasion attempts of local businesses.

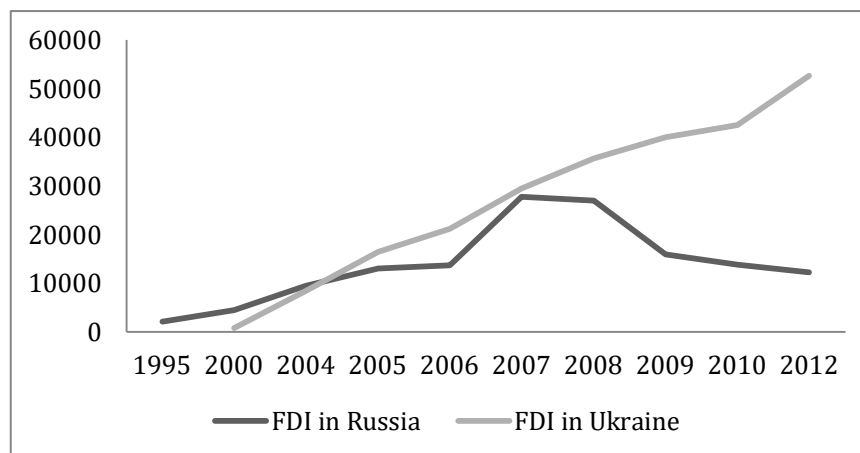
Figure 14. FDI in Ukraine



Source: www.ukrstat.gov.ua

Figure 15 illustrates the historical evolution of FDI in Russia and Ukraine, encompassing the stable growth of investments in Ukraine, in contrast to the dramatic decrease of foreign investments in Russia. Despite being a late bloomer, Ukraine is more attractive for foreign investors, who might share more Western management knowledge than Russia would. As one of the major investors in Ukraine, Russia also influences Ukrainian management style.

Figure 15. Comparison of FDI in Russia and Ukraine



Source: <http://www.ukrstat.gov.ua> and <http://www.gks.ru>

The comparative chart of FDI in Russia and Ukraine illustrates an interesting event that is widely presented in the literature. The year 2004 is important in the

modern history of the relationship between West and East, because of the presidential election in Ukraine and the Orange Revolution. As discussed in the historical chapter, Ukraine had a tendency toward independence from Russian influence and the Orange Revolution aimed to move Ukraine toward the democratic West. Investments from the West to Ukraine began five years later than Western investments in Russia, in 2000 compared to 1995, but the stable increase in investments shows that the West has a strong interest in the Ukrainian economy and perhaps investors believe that Ukraine might become democratic. Russia had increases and decreases in FDI in different periods, some of which are connected to the political situation in Ukraine. Sanctions from the US and EU have significantly decreased the inflow of FDI to Russia. There are other reasons why Western FDI in Russia has been decreasing, some of which will be presented in later chapters.

4.2. Barriers to the Transfer of Western HRM Practices

In the literature, almost all studies highlight the challenges and barriers of transferring Western management practices and knowledge to Russia. Researchers believe that Russians do not fit easily into any of the accepted theories of management learning and that they don't necessarily appreciate Western management experience (Holden, Cooper, 1994). Scholars argue that Russia occupies an unusual position among world cultures because of its long political, social, and economic isolation (Naumov and Puffer, 2000). According to Camiah and Hollinshead (2003), Russia is a unique region, combining Asian and European influences, and relating Russian identity to "Eastern" typology is an oversimplification.

Many scholars agree that in addition to barriers that are common for underdeveloped economies, such as organized crime, bureaucracy, and unstable political and economic systems, human capital in post-USSR countries is weak in terms of managerial skills (Fey, Engstrom, Bjoerkman, 1999; Swaan, 1997) and organizational structure is functionally incomplete (Fey and Denison, 2003). From the perspective of Engelhard and Nagele (2003), acquisition of strategic management skills is crucial because of Russians' inability to plan strategically. The authors also argue that barriers to learning in Russian subsidiaries of MNCs are caused by lack of absorptive capacity and teamwork skills, weak time management, lack of cognitive frames of reference to absorb information, and weak customer orientation.

Another widely discussed barrier is the language and its translation (Bjoerkman, and Ehrnrooth, 2000; Camiah and Hollinshead, 2003). Until recently, few people in Russia knew more than one language and few could speak or understand English. People with English language knowledge were in high demand, and therefore had strong bargaining power, claiming unjustified high compensation, which would not be problematic if they had possessed other skills and qualities required for business. May et al. (1998) observed negative motivation and fear of decision making, along with avoidance of responsibility, among Russian employees. Russians might be unwilling to make decisions and to be held responsible for their own decisions (Engelhard and Nagele, 2003) because of the highly centralized system they inherited (May, Puffer, McCarthy, 2005), wherein taking initiative was punished (Fey and Bjoerkman, 2000). Key challenges in Russia are employees' refusal to take initiative and be empowered (Puffer and Shekshnia, 1996).

The ethics and values of Russian culture represent another major barrier that causes most workplace conflicts (May, Puffer, McCarthy, 2005). Managers with experience in state-owned enterprises find it difficult to change their mentality and adapt to a new work system (May et al., 2005), while the new generation in Russia wants to move closer to Western managerial values (Elenkov, 1997). As Fey and Denison (2003) noted: "Today in Russia there are two different types of workforce: the first consists of older workers with a traditional Russian mindset, who resist change, and the second workforce is made up of young, aggressive 'new Russians', who are generally eager to adapt". Modern parts of Russia, especially Moscow and St. Petersburg (which were exposed to Western influence), adopted Western management techniques with more ease, understanding and respect for them. Shekshnia (1994) and Puffer (2005) studied traditional business ethics, and along with other scholars observed that older-generation Russian managers were selfish and not concerned about their company (May, Young, Ledgerwood, 1998). Workers were motivated by membership in their functional subgroups, but not by their membership in the organization as a whole (Fey and Denison, 2003), and they were dishonest, which resulted in a lack of trust (May et al., 2005; Engelhard and Nagele, 2003). A black-and white style of thinking prevented employees from critically evaluating situations, accepting all orders as given (Engelhard and Nagele, 2003). Their orientation to work made less distinction between personal and professional life, which led to a high rate of absence (Camiah and Hollinshead, 2003). At the same time, Russian managers recognize the fundamental

importance of universal values like trust, fairness, honesty and integrity in business relationships (Puffer and McCarthy, 1995). Krylov (2006) identified some traditional values such as centralization, hierarchy, paternalism, clans, networks and interpersonal confidence.

Short-term orientation among Russian managers, corresponding to a lack of strategic thinking, is another major barrier. Western observers have noted that Russian managers look for short-term solutions (May et al., 1998) and are motivated by short-term material goals (Camiah and Hollinshead, 2003). Low future orientation (Engelhard and Nagele, 2003) contrasts with Western formal personnel development schemes (Shekshnia, 1998).

Historically rooted confidentiality prevents internal communication and complicates coordination between HQ and subsidiaries (Fey and Bjoerkman, 2000). The only good flow of information consisted of the downward (vertical) information flow, whereas horizontal flow was very poor (Lawrence and Vlachoutsicos, 1990), as was top-down flow (Fey and Denison, 2003).

In line with the issue of high turnover in Russia's human capital market (Camiah and Hollinshead, 2003), recruitment and retention practices are a struggle for MNCs in Russia. Developing a formal set of criteria for the hiring process (Fey, Engstrom, Bjoerkman, 1999) is impossible in the Russian context because of heterogeneity in applicants' backgrounds and lack of needed skills, in addition to poorly written CVs (Fey et al., 1999). Another challenge in the recruitment and retention process is the lack of national sources of relevant compensation data for employers (May et al., 1998). Difficulties in recruiting highlight the increased importance of retaining valuable and scarce personnel (Fey et al., 1999).

Expatriates consider Ukraine a better country to work in, as they see potential for career development, attractive compensation packages, the friendliness of the people, and a comfortable climate. In an interview with a Western manager in Ukraine, the interviewee noted that Ukraine is preferable to Russia because of its geographical location (close to Europe), warm climate with beautiful nature, low prices and high quality of life, well-developed infrastructure in major cities, fewer traffic jams, and kind, friendly people. Expatriates also point to the sociocultural characteristics of Ukraine as a major bonus to living there. They perceive Ukraine as a country with a lower level of crime and stress compared to Moscow or London, and they don't

encounter language barriers, as the working languages are English and Russian. Ukrainian is used only in other contexts.

Table 18 summarizes the major barriers to transferring management practices to Russia and Ukraine.

Table 18. Barriers to transferring management practices to Russia and Ukraine

Russia	Ukraine
Bureaucracy	Bureaucracy
Lack of transparency	Lack of transparency
No national sources for compensation data	Undeveloped institutions
Unstable political and economic system	Unstable and unpredictable governmental policy
Organized crime	Lower level of crime
Lack of managerial skills	Lack of managerial skills
Lack of trust	Lack of trust
Short-term orientation	Short-term orientation
Language	Lower language barrier
Unwilling to make decisions	More entrepreneurial
Avoidance of responsibility	
Weak customer orientation	
Recruitment and retention	Personal relationships
Black-and white style of thinking	Weak judicial system
Personal and professional life are not distinguished	Unfair competition
Weak information flow	

The literature on the transfer of Western HRM practices to Russia and Ukraine confirms the previously formulated proposition. Host-country effects such as an unstable environment, lack of trust, short-term orientation or lack of strategic thinking, limited language skills, weak customer orientation, personal networks, unfair competition, weak information flow, and lack of managerial skills were described in the first part of the theoretical assumptions. The influence of culture on certain HRM practices was observed by other scholars (Engelhard and Nagele, 2003; Elenkov, 1997; Latov, 2006), who described how Russians are taking and delegating decisions. The unwillingness to invest in personnel development was also confirmed here stating that low future orientation contrasts with Western formal personnel development schemes.

4.3. Influencing Factors on HRM Practices in Host Environments

Despite indications of some international convergence of HRM practices within multinational firms, both firm-specific and host-country institutional factors continue to play significant roles in determining the kind of HRM practices found in foreign subsidiaries of MNCs. As Bjoerkman et al. (2006) found, in Russia there are significant

host-country effects on HRM practices of subsidiaries, which forces MNCs to adapt to the local environment. The authors propose that several subsidiary factors that influence the HRM practices, such as HR function, the number of expatriates, and the extent to which the subsidiary is embedded in international knowledge-exchange relationships.

In Russian subsidiaries, the HR department plays a central role in coordinating all HRM practices in a formalized manner. The primary HR function is to help implement the major HRM tools that parent companies use to overcome significant host-country effects on subsidiary HRM practices (Bjoerkman, Fey, Park, 2006). One of the major factors shaping organizational practices and strategies is variation in the role and competence of HRM decision makers (Festing and Sahakiant, 2010).

Expatriates with international experience represent the major source of corporate culture and knowledge transfer to Russian subsidiaries. However, cultural differences may hinder expatriates' integration and knowledge sharing. Expatriates' participation is necessary and helpful at the beginning of company development, as the company requires time to recognize and adapt to expatriates (Denisova-Schmidt, 2008). As Shekshnia (1994) noted, in order to succeed, MNC's headquarters should send the right people to Russia, who can be patient about differences in culture and ethics. May et al. (1998) state:

“Given the instability of the nascent free market in Russia, it is imperative that Western executives be prepared for unique barriers to management effectiveness they may encounter as they expand into Russia, particularly in the context of human resource management. For companies entering the Russian market, an effective HRM function is paramount to success.”

Among local institutional forces that influence organizational practices, researchers have identified factors such as local legislation, values and behavioral norms, and local labor market characteristics. Bjoerkman and Ehrnrooth (2000) point out the importance of local culture, arguing that when the cultural distance between the MNC home country and the host country is high, HRM practices will be less likely to resemble those in the MNC's home country. The greater the cultural distance is, the greater the obstacles to the transfer of home country practices (Ferner, 1997).

Scholars have argued that the US model can be applied to the Russian cultural context (Fey and Denison, 2003). Russia's “competitive orientation” is similar to that of the US, and masculinity and dogmatism (open mindedness) scores are similar for both countries (Elenkov, 1997). In general, Russian national culture adopts easily centralized

hierarchical organization from a world management model (Krylov, 2006). As Elenkov (1998:151) argues that “certain American management concepts can and should be put into practice in Russia, but the application of American management approaches in the Russian cultural context must be executed patiently and systematically”. However, attempts to transfer management concepts to Russia that do not take into account the values of Russian managers have little chance of success.

Significant differences remain between US and Russian managers in functions such as planning and organizing, but a convergence effect is noticeable in the behavior-oriented managerial function of MNC leadership. “While the monolithic organizational structure is not easy to dismantle, behavioral aspects popular in US management are relatively easy to adopt for Russian managers” (Paik, Zuplev, Vance, 2002).

Americans may consider some current Russian business practices to be questionable or even unethical, but they may not recognize that the reverse is true as well (Puffer and McCarthy, 1995). As a result, there is a need to formulate a hybrid form of HR management that incorporates both free market practices and Russian cultural traditions.

MNC ownership also influences HR decision making: HRM practices more closely resemble those of the MNC’s home country in subsidiaries as opposed to joint ventures (Bjoerkman and Ehrnrooth 2000). Units that have been established based on existing operations are likely to differ from units that are partly or wholly Greenfield investments; the degree to which the focal unit has been established through a Greenfield investment influences the unit’s resemblance to the MNC’s home country HRM practices. Bjoerkman and Ehrnrooth (2000) also showed that as the number of employees increases in the focal unit, several HRM practices become more similar to MNC home country operations. Factors such as size and technology increase the complexity of internal relations, and the division of labor among divisions increases boundary-spanning problems. Because the need for coordination increases under these conditions, and because formally coordinated work has a competitive advantage, organizations with rationalized formal structures tend to develop. When relationship networks become extremely complex, bureaucratic structures are thought to be the most effective and rational means to standardize and control subunits. (Meyer, 1977). Yet, HRM practices might be more difficult to transfer in large subsidiaries; Myloni et al. (2004) argue that large firms should adopt more socially responsible HRM practices,

because those firms are more visible and are under more pressure to gain legitimacy and acceptance.

Ambos and Ambos (2009) confirmed that the effectiveness of knowledge transfer in MNCs is influenced by geographic, cultural and linguistic distance. Any dimension of distance causes problems for personnel coordination mechanisms. Festing and Sahakiants (2010) made an important contribution to the study of influences on HRM practices with their research on path dependency. The authors consider path dependency to be organizational inertia, or resistance to the adoption of new organizational practices. In the case of post-Socialist countries, path dependency refers to the extent to which pre-transformation employment systems influence current HRM practices. Schwartz and McCann (2007) argue that “path dependence in property, political and social structures helps to define the business organization. The traditional characteristics of management, organization and work dynamics in Russia are evidence of path-dependence based on recombination, the rebuilding of organizations and institutions not on the ruins but with the ruins of communism”. Certain path dependence practices will be discussed in more detail in the analysis of hybrid models in Russia and Ukraine.

Festing and Sahakiants (2010) described the efficiency-based perspective, which has a strong impact in Central and Eastern European countries with respect to supply and demand for certain qualifications. Market pressure dictates current wage and working conditions, where “a secretary working in two languages could earn a salary several times higher than an engineer” (Festing and Sahakiants, 2010).

Gaidai (2006) in his comparative study of the Ukrainian and Russian economic mentalities pointed to the religious aspect of the institutional context, arguing that Western and Southern Ukraine were influenced by the economic ethics of Catholicism from Central and Eastern Europe. This influence contributed to a culture of rationality and individualism within the region. Central and Eastern regions of Ukraine were influenced by the Orthodox religion, in which collectivism was predominant. According to Orthodoxy, work should be focused on spiritual development, and a strong emphasis on patience and poverty is considered normal. Material well-being was separated from one’s responsibility (Balabanova, 2001). Orthodoxy strengthens certain features of the Russian character, such as believing that control over one’s life is in the hands of God; successes are considered good luck but not the result of heavy work.

Table 19 summarizes the various influences on HRM practices at Russian subsidiaries of Western MNCs.

Table 19. Influencing factors on HRM practices

Internal factors	External factors
HR function	Cultural distance
Number of expatriates	Geographic distance
Path dependence	Language distance
Number of employees	Institutional distance
Type of ownership	Efficiency-based pressures
Greenfield or Brownfield	Religion

In addition to the presented above analysis of internal and external factors it was discussed earlier that the corporate strategy and structure has an impact on standardization of HRM practices at subsidiary. As the management theory suggest, in companies with a global strategy and structure, HRM policies and practices will be more standardized, in contrast to companies with multi-domestic strategies and structures that depend on domestic context or geographic region, wherein HRM policies and practices are more adapted to local conditions (Briscoe et al., 2012).

To conclude, the following propositions for second research sub question on impact of internal factors on standardization of HRM at subsidiaries of MNCs were formulated:

Proposition 3. In Ukrainian and Russian subsidiaries of Western MNCs there are following internal factors that have an impact on standardization of HRM practices:

3a. Larger subsidiaries (with more employees) are more likely to follow home country practices. This could be a reflection of the strategic importance of larger subsidiaries. When a subsidiary represents a major source of income and serves an important market, especially an emerging market, HQ tends to take more control over the subsidiary and standardize practices.

3b. Older subsidiaries are more likely to follow home country practices.

3c. Greenfield investments would facilitate transfer of HRM practices from HQ.

3d. Higher foreign ownership would facilitate transfer of HRM practices from HQ.

- 3e. An international background of HR manager at subsidiary would facilitate transfer of HRM practices from HQ.
- 3f. A stronger subsidiary dependence on HQ's resources would facilitate transfer of HRM practices from HQ.
- 3g. Lower HQ-subsidiary control reproduces lower standardization of HRM practices.
- 3h. Empowered HR functions within an MNC's subsidiary would facilitate transfer of HRM practices from HQ.
- 3i. A high number of expatriates would facilitate transfer of HRM practices from HQ.
- 3j. In companies with a global strategy and structure, HRM policies and practices will be more standardized, in contrast to companies with multi-domestic strategies and structures that depend on domestic context or geographic region, wherein HRM policies and practices are more adapted to local conditions.

4.4. Hybrid Model of HRM Practices in Russia

Scholars agree that Western companies now practice sophisticated and efficient systems of HR management (Shekshnia, 1998), which MNCs would like to transfer wholly to their subsidiaries. Yet, national context significantly influences the repertoire of systems used and their balance. MNCs standardize different practices to varying degrees across countries (Fey, Pavlovskaya, Tang, 2004). A simple adoption of well-proved 'best practices' can no longer be considered, and instead subsidiaries need "a dynamic process of learning, (re-)interpretation, (re-)evaluation and (re-) modeling and (re-)combining with existing concepts, structures and instruments to create new practices—a process which is highly influenced by the situative power relations between the actors as well as by their continuing cultural background" (Lang and Steger, 2002). An approach that considers multiple domestic cultural contexts is a reasonable strategy for international businesses today (Ralston, Holt, Terpstra, Yu, 2007), wherein MNCs "compromise the adoption of world management rules to the national traditional culture" (Slobodskoï and Krylov, 2005).

In contrast, Fey and Shekshnia (2010) show that "foreign companies trying to create Russian-specific operating models by copying what local business do often fail, while foreign companies that intelligently apply (with some local adaptation) the business models that have helped them to succeed elsewhere more often flourish". Successful companies tend to use Western "high performance" human resource management practices, but adjust them to fit with the Russian environment. Fey et al.

(1999) argue that “most foreign firms operating in Russia believed that their HRM practices were more similar to their parent firm's HRM practices”. Yet, Krylov (2006) found that most surveyed MNCs kept their traditional HR practices, while some encountered conflicts with innovative practices and some tried to compromise.

MNCs may also react against traditional practices in Russia and may not adopt local systems (Bjoerkman et al., 2006). The number of employees in a subsidiary affects the extent to which HRM practices resemble those in the MNC home country; a higher number of employees translates to more similarities (Bjoerkman and Ehrnrooth, 2000).

Recruitment. Because Russia has a heterogeneous population in terms of the level and quality of education, expectations, and values, along with very weak information flow, the hiring process is challenging (Fey et al., 1999). Headhunter firms play an important role in Russia, and another efficient method of finding employees is newspaper advertisements; personal contacts are still widely in use, which is traditional for Russia.

The selection process usually consists of interviews with HR and line managers, followed by a three-month probation period. The main selection criteria for a foreign-owned subsidiary in Russia are knowledge of English, preferably with previous work experience at a foreign firm, in addition to individual characteristics such as honesty, a strong work ethic, and teamwork skills.

Considering Russian culture and institutional context, training and compensation are the most important of all HRM practices accepted as best practices in Russia. Training is crucial because of the historical heritage Russians received from the Soviet Union, in which a centralized government and an educational gap in business management have impeded adoption of the Western market-oriented model. The compensation system in Russia does not address the human capital trend of high employee turnover for higher salaries.

Training. The consensus in the literature is that training is an important source of competitive advantage in Russia (Zhukova and Korotov, 1998), and to make training effective, MNCs should use the local language (Bjoerkman and Ehrnrooth, 2000). Russian managers have limited traditional management training and coaching skills (Fey and Bjoerkman, 2000), and therefore MNCs should prepare to spend money on employees (Shekshnia, 1994). Extensive training and development programs are very common in Russian subsidiaries to ensure high performance for the company. As

Bjoerkman et al. (2006) show, employees in Russia-based subsidiaries receive more training compared to the US. Trainings occur both at headquarters and subsidiaries, with better results from abroad programs. Among subjects trained in foreign-owned subsidiaries, the most popular trainings are sales techniques, financial management, performance management and salesforce management (Shekshnia, 1998). Training and development programs are more formalized and received significant coordination from headquarters (Fey et al., 1999), whereas the content of training is marginally less standardized in Russia (Bjoerkman and Ehrnrooth, 2000).

Compensation. The compensation system that turned out to be the most challenging in Russia restricts direct application of Western best practices to this country (Mueller, Clarke, 1998). Compensation systems consist of two parts: base pay and incentive benefits, although a few companies use tariff systems. Base pay or monthly salary payments are paid in rubles or dollars according to the current local market conditions. Incentive compensation includes sales commissions and executive incentive compensation; other benefits include cars, free or subsidized meals at work, free or subsidized vacations, health club memberships, and corporate medical insurance. There are no pensions in Russian subsidiaries. Compensation is adjusted for geographical variations with an emphasis on non-cash benefits (Shekshnia, 1998).

In some cases, headquarters controls the compensation system and it is fairly standardized. Performance-based compensation, an important salary component in Russia (Bjoerkman et al., 2006), is co-coordinated: headquarters determines salary structure with input from subsidiaries (Fey et al., 1999). Performance appraisal criteria and methods, along with criteria used to determine promotions, were found to be highly standardized (Bjoerkman and Ehrnrooth, 2000). This standardization could be explained by “power distribution” (Festing, Eidems, Royer, 2007), wherein a subsidiary operates in a key growth market and controls vital resources, which are integral for the maintenance and success of the MNC.

Because of the collectivism of Russian culture, Elenkov (1998) suggests group benefits as “an antidote to the challenge of employees’ motivation in Russia”. The author believes that “negative attitudes toward individual initiative are so deeply ingrained in the Russian mentality that many Russians who want to realize their ambitions feel pressure from two sources—public scorn and their own guilt about violating the values they were raised with”. At the same time, Fey and Shekshnia (2010) believe that “employees’ empowerment is important and can significantly

improve organizational performance” in Russia. Authors see empowerment as tool for building confidence among employees by showing them that the company trusts their ability to make decisions on their own. It is also important that mistakes will be tolerated at this point (Fey and Shekshnia, 2010). Elenkov (1998) adds that empowerment should represent teamwork between manager and suborders, considering the high collectivist of Russian culture. It is crucial that managers discuss the pros and cons of multiple alternatives with empowered employees, and avoid the temptation to make a decision on a previously delegated issue, even if it would be faster or the subordinate asks the manager to do so. To facilitate the empowerment process, the company should have a clear statement of the objectives to be achieved (Hull, 2000).

Fey et al. (1999) found up-and-down appraisal systems to be effective for evaluation systems in which supervisors evaluate subordinates and vice versa. Feedback in this evaluation would be indirect, reflecting low individualism in Russian culture. Direct feedback could cause irreparable damage to the employee’s self-image or diminish loyalty to the organization (Elenkov, 1998). New and successful employee rewards include gainsharing and stock ownership designed to create an incentive for employees to be involved in performance improvement (Elenkov, 1998). This system provides additional new cost-saving ideas and a higher level of teamwork.

Fey et al. (1999) proposed the optimal compensation package, which in addition to a fixed salary, combines bonuses (not more than 25% of salary) and nonmonetary benefits including subsidized lunches, private health insurance, free vocational trips and cultural events (Fey et al., 1999). Inclusion of hard currency in the compensation package during Russia’s period of economic instability turned out to be beneficial (Elenkov, 1998). Despite the importance of bonuses and other material incentives, May et al. (2005) suggest that punishment should be included in the package. Penalties were part of the old system and still influence many Russian managers. Bonuses, which are not protected by law, are deducted when the employee fails, and constitute a large part of the total compensation package.

As an effective way of retaining employees, Fey et al. (1999) recommend training programs. The authors observed that Russian employees are interested in capacity development and willing to forgo two months of salary (in the form of their bonus) to receive one week of training abroad. Despite the willingness to sacrifice compensation for training, bonuses and nonmonetary benefits are two components that prove to be the deciding factor when an employee chooses to join or leave a firm. Yet,

when bonuses were more closely linked to performance, the more useful they were. Nonmonetary benefits often differentiate firms and are helpful in retaining employees. Fey et al. (1999) found that characteristics other than higher salary, such as the company atmosphere, the presence of friends in the company, free meals, social activities, and the promise of a stable future with a firm that expects high growth in Russia were often the deciding factors in employee retention. In addition, because of the complexity of Russian bank loans, allowing key managers to borrow money from the company helps to retain employees (Fey et al., 1999).

Organizational culture is a differentiation factor for employees, and therefore it is important to build a strong one-company organizational culture with visible foreign elements (Fey and Shekshnia, 2010). Such a culture has a positive correlation with high performance and the loyalty of Russian employees (Fey and Shekshnia, 2010), which could be because many Russians want to work for foreign firms to experience the organizational culture of an international company. Therefore, it is crucial to maintain this organizational culture, preserving and highlighting the foreign elements in it.

Four fundamental qualities that Russian employees seek from their foreign employers were identified: fairness, transparency, meritocracy and a chance to have an impact on the organization and feel part of something important. Those elements are not traditional for Russian culture, and therefore attract employees who want to be part of an elite institution with respect for individuals. To be elite, companies select the most qualified candidates through a large number of interviews and tests. When recruiting employees, the use of headhunters appears to be the most successful technique given the lack of information that exists in Russia. Historically, the low importance of workplace health and safety, which led to lower job satisfaction, gives MNCs offering better work conditions a means of retaining their employees (May et al., 1998).

In the Russian context, managers and non-managerial employees have different perspectives, and therefore require different bundles of HRM practices (Fey and Bjoerkman, 2000). The authors argue that for both managerial and non-managerial employees, there is a strong positive relationship between their development and firm performance. In their study authors also found significant relationship between firm performance and amount of information about development and provided feedback (Fey and Bjoerkman, 2000).

Common to all authors' recommendations, a key success factor for operating in Russia is being flexible and willing to adapt to the Russian environment (Fey et al.,

1999; Fey and Shekshnia, 2010). As Michailova (2000) states: “Western investors and managers need to develop deeper insights and understandings of Russian organizational and managerial assumptions, traditions, attitudes, and values if they are to do business with Russians successfully. Neither side should subscribe to the other's way of doing things”. Luckov and Luckov (2007) concur: “The tactic of replacement of one cultural model on another is not appropriate. It should be a dialog between these cultures”. A successful business counseling center should have the flexibility and capability to develop new programs and to adjust existing ones to the changing needs of the market (Hull, 2000). A value-based management approach strengthens corporate culture and provides flexible tools for HRM (Krylov, 2009). To test and successfully adopt new management approaches, local companies need to provide “space”, which is linked to employees receiving clear signals from the market (Hultén, 2006). In order to succeed, MNCs must develop alliances or acquisitions as win-win arrangements that benefit their shareholders and their host-country counterparts and governments (Rondinelli and Black, 2000).

Table 20 summarizes effective HRM practices, leadership qualities, and strategies in Russia.

Table 20. Effective HRM practices in Russian subsidiaries of Western MNCs

Best practices	Effective practices in Russia
Recruitment	Headhunter firms Ads in newspapers Personal network Internet
Selection	Through interviews and a 3-month probation period Honesty, hardworking, team player Command of English Previous work experience at a foreign firm
Training	Extensive training and development programs Local language Abroad trainings Subjects: sales techniques, financial management, performance management and salesforce management
Compensation	Fixed salary (in rubles or dollars), Bonuses (not more than 25% of salary) Nonmonetary benefits (subsidized lunches, private health insurance, free vocational trips and cultural events) Punishment (bonuses deduction) Adjustment for geographical variations Group benefits Gainsharing and stock ownership
Appraisal	Up-and-down appraisal systems by supervisors and reciprocals Indirect feedback

Retention	Higher salary Training programs Bonuses and nonmonetary benefits Atmosphere in the company Organizational culture Loans for managers
Leadership	Authoritative Legitimate power and referent power Flexible Empowerment of employees Crisis and corruption management skills
Strategies	Flexible and high-frequency strategies Network-based strategies Multiple strategies for domestic context

The research shows that Western MNCs successfully implement those HRM practices that compensate for weaknesses in the national system and close the gaps, constituting a holistic HRM approach. An example is the training programs MNCs generally provide for Russian employees, which serve as both a retention tool and a means for the company to develop employees' skills. Still, many local HRM practices have been retained because of path dependence, including personal networks for recruitment, deduction of bonuses as a punishment tool, and gainsharing, as scholars have observed in various MNCs operating in Russia.

4.5. Hybrid Model of HRM Practices in Ukraine

Currently, Western companies in Ukrainian subsidiaries are investing heavily in their employees and developing HR reserves. The companies provide various training programs and employee rotation among other subsidiaries (Gvozdiov, 2010); develop strong corporate culture (Boguts'ka, 2010) and motivate employees by giving them freedom. Foreign-owned subsidiaries in Ukraine have highly standardized Western practices and provide norms in HR and marketing for business culture (Zaikovskaya, 2009).

Among upper-level managers in Ukraine, about 35% are foreigners, and of those, 40% are Russians and the rest are Europeans and Americans. The high number of expatriates is due to the lack of local upper-level managers with a Western education and the skills to adopt Western management practices to local market conditions. Although it is difficult for expatriates to manage in a business environment that lacks a well-designed system, top-level managers in Ukraine have the special status of a public figure.

Recruitment of new employees in Ukraine is still corrupt and seems to not be oriented toward hiring young, talented and promising employees (Lesyk, 2005). For top-level managers in Ukrainian companies, recruiting is still based on personal networks, in which hiring decisions depend on the candidate's relationships with influential people rather than skills or personal qualities.

Similar to Russia, the selection process for employees of foreign-owned subsidiaries in Ukraine includes requirements such as foreign language knowledge, higher education and promising personal characteristics. For managers, communication skills are also crucial. Because of Ukraine's unique culture and corporate environment, managers must be able to negotiate with shareholders, government officials and other employees in the company. Owners value the managerial skill of fast adaptation to market-specific changing conditions, and personal relationship skills and calmness are also important in the Ukrainian context.

The compensation package for expatriate managers in major Ukrainian companies is usually high, often higher than in their home country. These packages include profit sharing and shares incentives. For line managers, salaries have increased tenfold, from US\$30,000 in the 1990s to US\$300,000 in 2008. Yet, the management skills and knowledge of most line managers remains the same as when Ukraine was part of the USSR.

Russia and Ukraine have a lot in common, sharing the same Soviet background in which employees were used to receiving orders and taking little initiative, but lately rapid changes have been occurring in Ukraine. For Ukrainians, who are usually enterprising and have a higher level of initiative (Lesyk, 2005; Rogovsky and Schuler, 1997), immaterial motivation has become more important (e.g., respect, honor and personal connections). For managers to succeed in Ukraine, correct interactions with employees are important, but often foreign managers make the mistake of underestimating their Ukrainian counterparts and try to exert control over them. This mistake doesn't allow trust to develop between Ukrainian employees and foreign managers, causing a barrier in understanding. Ukrainians are used to building personal relationships instead of business ones.

Ernst and Young's Human Capital team conducted the *Compensation and Benefits Survey 2009* with 138 Ukrainian companies, which provided information on general (fixed and variable) compensation levels. The survey results showed that the number of companies using a formal performance evaluation system has increased to

87% of the participating companies. For variable pay, the annual bonus was the most popular form of employee compensation, and the quarterly bonus was a distant second. About 10% of companies planned to increase training costs in 2010. For employee benefits, companies amended voluntary health insurance (and made it cheaper), introduced life insurance, decreased the number of and limits on corporate mobile phones and increased fuel limits for corporate cars.

Retaining employees appears to be a challenge for companies in Ukraine, and higher salaries do not always help. Attractive prospects for a professional career and personal growth are decision factors for employees. Practices such as local managers' involvement in co-owners coordination makes managers feel like they are working for their own "breweries" and helps develop loyalty (Lesyk, 2005).

Table 21 summarizes the effective HRM practices in Ukraine.

Table 21. Effective HRM practices in Ukrainian subsidiaries of Western MNCs

Best practices	Effective practices in Ukraine
Recruitment	Personal network
Selection	Connections with influential people Higher education Personal characteristics Communication skills Personal relationship skills Calmness Command of English
Training	Extensive training Internal training
Compensation	Very high Annual bonuses Individually negotiated Immaterial motivation Nonmonetary benefits Profit sharing Shares incentives
Appraisal	Formal evaluation systems
Retention	Professional career Personal growth

Similar sets of HRM practices that have a path dependence nature are the personal network for recruitment, individual negotiation of compensation, and profit sharing.

4.6. Comparative Analysis of HRM Practices in Russia and Ukraine

There are many similarities in HRM practices implemented by MNCs in Russia and Ukraine, although in Russia these practices are more established. Yet, Ukraine is more receptive to Western practices and can accommodate both the practices themselves and the Russian interpretation of those practices, for example, when a Ukrainian subsidiary reports to the Russian regional headquarters of a Western MNC and Russian managers direct Ukrainian employees.

Table 22. Comparative analysis of effective HRM practices in Russian and Ukrainian subsidiaries of Western MNCs

Best practices	Russia	Ukraine
Recruitment	Headhunter firms Ads in newspapers Personal network Internet	Personal network
Selection	Through interviews and a 3-month probation period Honesty, hardworking, team player Command of English Previous work experience at a foreign firm	Connections with influential people Higher education Personal characteristics Communication skills Personal relationship skills Calmness Command of English
Training	Extensive training and development programs Local language Abroad trainings Subjects: sales techniques, financial management, performance management and salesforce management	Extensive training Internal training
Compensation	Fixed salary (in rubles or dollars), Bonuses (not more than 25% of salary) Nonmonetary benefits (subsidized lunches, private health insurance, free vocational trips and cultural events) Punishment (bonuses deduction) Adjustment for geographical variations Group benefits Gainsharing and stock ownership	Very high Annual bonuses Individually negotiated Immaterial motivation Nonmonetary benefits Profit sharing Shares incentives
Appraisal	Up-and-down appraisal systems by supervisors and reciprocals Indirect feedback	Formal evaluation systems
Retention	Higher salary Training programs Bonuses and nonmonetary benefits Atmosphere in the company Organizational culture Loans for managers	Professional career Personal growth

The hybrid model analysis helps to build knowledge of the standardized practices in Ukrainian and Russian subsidiaries and to formulate the proposition for the third sub question.

Proposition 4. Weak institutions in Russia and Ukraine would facilitate the transfer of following standardized HRM practices to Ukrainian and Russian subsidiaries of Western MNCs: competency-based selection, extensive training and development programs, formal performance appraisal systems, structured compensation systems and nonmonetary benefits, and strong corporate culture.

4.7. Home-Country Effects

For the present study, the choice of countries of origin should reflect the need to explore the impact of systematic differences in national business systems on MNC behavior. The current research strategy is to examine primarily MNCs from countries such as the US, Germany and France, whose national business systems have already been subject to sustained analysis in a comparative framework.

4.7.1. The US model and possible home-country effects in US MNCs

Whitley (1999) described the US business system as compartmentalized, with an arm's-length institutional context and market-ownership control. The state's role is weak in such an environment, focusing mostly on setting parameters for the behavior of economic actors and creating a favorable climate for private-sector investment; the state has not intervened to coordinate and plan economic activity (Ferner, 2000). Large and highly liquid financial and labor markets encourage considerable mobility with little regulation of market entry and exit (Whitley, 1999). Labor is seen as a cost to be minimized and therefore employer-employee interdependence is very weak. Cooperation between firms and business associations is also weak (Ferner, 2000) without the development and support of a centralized training and control system. Unions are organized around craft skills and bargaining is decentralized (Whitley, 1999). Consequently, company-level collective bargaining has been replaced with standardized formal systems within firms (Ferner et al., 2004). Unwillingness to invest in long-term skill development means that US companies standardize and formalize processes that employees with relatively low-level skills can perform. Therefore, many scholars describe the HRM practices of US MNCs as "being rather ethnocentric,

centralized and formalized” (Davoine, Schroeter, Stern 2014). Moreover, US MNCs tend to export American organizational forms and management methods to their overseas subsidiaries (Almond et al., 2005). Practices such as performance appraisal, performance-related pay and relatively strong formal policies on diversity have been standardized and wholly transferred (Ferner, 1997). Formal and informal control systems in US MNCs are typically strong, incorporating budget-setting and monitoring systems and being oriented to short-term financial performance, along with highly developed and well-communicated corporate culture and training programs (Davoine, Schroeter, Stern 2014).

4.7.2. The German model and possible home-country effects in German MNCs

Germany is a highly regulated economy, with the complementary role of unions and work councils clearly codified (Almond et al., 2005). This business system has well-developed intermediary associations that are involved in regulating market entry and exit and bargaining and negotiations. Economic actors in this environment are interdependent and build strong cooperation for gaining group objectives. Whitley (1999) refers to this institutional context as a collaborative business system. Authority rests principally on technical expertise and knowledge developed through formal apprenticeships and functional rotation (Ferner, 1997). The German model encourages firms to regard employees as assets and a source of competitive advantage, and to grant them stakeholder rights such as employee participation. The structure of German companies is therefore relatively flat. Formal financial control systems are less significant in Germany, where greater reliance is placed on informal face-to-face performance management processes. German MNCs often incorporate informal social-control devices such as expatriation (Ferner, 1997). Contrary to the US, German firms exhibit a more blurred horizontal differentiation of tasks and functions, and have a much greater overlap between maintenance and production functions and technical and supervisory work. German MNCs place great importance on flexible work organization and long-term strategies (Davoine, Schroeter, Stern, 2014). German companies provide extensive training programs and invest in employees’ development, leading to very high employer–employee interdependence. However, when a German MNC establishes itself abroad, it tends to escape its strict institutional environment and transfers fewer German management practices, taking advantage of more permissive host environments (Davoine, Schroeter, Stern, 2014). As a result, HRM practices of subsidiaries of

German MNCs more closely resemble the practices of the host country or are strongly influenced by host-country effects.

4.7.3. The French model and possible home-country effects in French MNCs

Hollinshead (2009) defined the French business system as state organized, wherein the state strongly regulates the French economy similar to dirigisme (Muller-Camen et al., 2001) and firms of any size are covered by a *sectoral* agreement (Almond et al., 2005). French business style is described as authoritarian and bureaucratic, with rigid divisions of tasks and low discretion of employees at middle and lower levels of the hierarchy. Recent studies argue that France has undergone transformation and there is evidence of “democratization of authority structures in the managerial hierarchy, the decline of elite recruitment to career positions from the grandes ecoles, and a more flexible, less authoritarian culture of IR” (Ferner, 1997). Despite these changes, managerial authority is still seen as a hierarchical position and access to this position is a matter of individual academic success. Scholars explain these features as rooted in French culture, which has a high score on “power distance” (Hofstede, 1980). Consequently, MNCs exhibit the typical authority structures at their subsidiaries and “Getting on in the organization is seen as the reward for political skills – the ability to form alliances, get powerful sponsors and flaunt highly visible achievements” (Ferner, 1997). The need to be visible and compete for attention in order to be promoted discourages French managers from overseas assignments. Therefore, MNCs develop innovative strategies of career progression to encourage expatriation. “Problems of career opportunities for returnees following international assignment are eased by the figure of the 'godfather' or mentor, a senior manager in the expatriate's home country with extensive networks of contacts” (Ferner, 1997). The reason expatriation is so important for French MNCs is that centralization of decision making is vital for French firms, and therefore they are more inclined to transfer managers to key positions to exert more strategic control (Noorderhaven and Harzing, 2003). French multidivisional MNCs are likely to adopt cross-national policies that are isomorphic to French business culture and have a hierarchical corporate organization with a rigid, bureaucratic and well-defined division of labor. Managers in such environments are possessive of their individual autonomy and separated from lower-level employees (Boussebaa and Morgan, 2004).

4.8. Comparative Analysis of Host and Home Country Effects

The above descriptions of different institutional arenas and national business systems enable a comparison between countries. Tables 23 and 24 summarize the analysis, showing that the Russian business system has many similarities with the US and French systems and is quite different from the German one. Adherents to the cultural approach have conducted empirical studies that support this observation, arguing that the US model can be applied in Russia (Fey and Denison, 2003) because of a similar “competitive orientation” of thinking and similar scores in masculinity and dogmatism (open mindedness) of these two countries (Elenkov, 1997). Elenkov (1998) believes that certain American management concepts can and should be put into practice in Russia. However, the application of American management approaches in the context of Russian culture needs to be executed patiently and systematically. Attempts to transfer management concepts to Russia that do not take into account the values of Russian managers have little chance of success. In general, Russian national culture can adopt centralized hierarchal organizational models from a world management model; for instance, the French model (Krylov, 2006).

Table 23. Institutional features in Russia, Ukraine, US, France and Germany

Institutional features	Russia/ Ukraine	US	France	Germany
State				
Strength of state's coordinating and developmental role	High/Some	Low	High	Considerable
Strength and incorporation of intermediaries	Low	Low	Low	Considerable
Strength of market regulation	Low/Some	Low	High	High
Financial system				
Capital market or credit based	Credit	Capital	Credit	Credit
Skill development and control				
Strength of public training system	High	Low	High	High
Union strength	Low/Some	Low	High	High
Dominant organizing principle of unions	Employer	Skills	Sector	Sector
Centralization of bargaining	Low/Some	Low	High	High
Trust and authority				
Trust in formal institutions	Low	High	Some	High
Authority	Paternalist/ Contractarian	Contractarian	Quasi- feudal	Communitarian
Typical business environment	Dirigist/ Particularistic	Arm's length	Dirigist	Collaborative

Table 24. Comparative analysis of business systems in Russia, Ukraine, US, France and Germany

Business system characteristics	Russia/ Ukraine	US	France	Germany
Ownership coordination				
Owner control	Direct	Market	Direct	Alliance
Ownership integration of production chains	High	High	High	High
Ownership integration of sectors	High	High	High	Limited
Non-ownership coordination				
Alliance coordination of production chains	Low	Low	Low	High
Collaboration between competitors	Low	Low	Low	High
Alliance coordination of sectors	Low	Low	Some	Some
Employment relations				
Employer-employee interdependence	Low	Low	Low	High
Delegation to employees	Low	Low	Low	High

As Table 24 shows, the similar institutional characteristics of Russia, France and the US reproduce similar business systems features. According to Whitley (1999), both direct ownership control (in Russia and France) and market ownership control (in the US), negatively influence horizontal and vertical integrations of economic actors, and these countries' large companies can't support such integration. Consequently, low integration among economic actors reproduces weak employer-employee interdependence in these countries. In this environment, employees are less involved in work organization and the problem-solving process, with limited delegation of responsibilities and higher separation between white- and blue-collar employees.

In contrast to the US model, German institutions support horizontal and vertical integration of companies, which increases employer-employee interdependence and employee involvement. Actors' integration also has a beneficial role in employees' skill development. Companies' efforts allow them to save on the costs of individual training programs and create standardized and certified processes.

Table 25 summarizes the above information in terms of two categories of theoretical assumptions: host-country effects and home-country effects. Assuming that the business systems of Russia and Ukraine are similar, host-country effects are placed in one column. For subsidiaries of US MNCs, home-country effects would most likely dominate, because HRM development in the US is more advanced.

Table 25. Comparison of hypothetical host and home country effects on transfer HRM practices to Russia and Ukraine

Categories	Host-country effects	Home-country effects		
	Russia/Ukraine	US	Germany	France
Transfer HRM practices from HQ to subsidiary	Easy to accept—weak institutions	High standardization	Lower transfer, innovations or dominance effects	Highly centralized
Management style	Authoritarian paternalist Absolute authority of director through connections	Ethnocentric, centralized, formalized	Authority—technical expertise and knowledge	Authoritarian, Bureaucratic, Hierarchical Education based— <i>grand ecoles</i>
Control	Centralized, Informal	Both formal and informal Budget-setting and monitoring systems Corporate culture Training programs Highly standardized and formalized for low-skilled employees Formal policies on diversity	Informal face-to-face performance management processes. Expatriation	Centralized through expatriates
Task fragmentation	Low, but more fragmented in large companies	High task fragmentation	Blurred, overlaps of tasks	Rigid
Delegation	Low	Low	High	Low
Employee discretion	Low for low levels (regional– West more independent)	Low for low levels	High	Low for low levels
Employer-employee interdependence	Stronger in large companies, weak in smaller.	Weak—to minimize costs	Very strong	Low
Trade unions	Low influence. There are collective agreements in large companies	Weak, bargaining decentralized	Strong	High
Worker-manager separation	High, mistrust, suspicion, discrimination	High	Low separation,	High power distance Managers are separated from lower level employees
Recruitment	High employee turnover Through personal contacts Focused on experienced Term contracts	Standardized: application forms, assessment centers, recommendation letters Graduate recruitment		International managers pool
Career development	In large companies only	Low	Functional rotation, investments in development programs in Germany	Based on political skills Encourage expatriation through career progression Importance of mentor

Training	Low investment in employees' development Lack of knowledge in business studies and foreign language—needs for training	Decentralized training system Unwillingness to invest in long term development	Formal apprenticeships Standardized and certified processes	Mentoring
Appraisal	Direct supervision For result or financial output By supervisor only	Performance appraisal is standardized globally Short-term financial performance 360 degrees Goal: performance improvement Subject: result	By supervisor only Goal: career development or performance improvement? Subject: result and process	By supervisor only Goal: career development or performance improvement? Subject: result and process
Compensation	According to short-term financial results High differentials Tied to position, not to skills Individual negotiation Based on commissions (profit sharing)	Performance-related pay is standardized globally Negotiated individually	Trade unions centralized bargaining	Based on political skills

The comparative analysis of the Western home-country effects presented above provides additional information for further explanation of the process of formation of HRM practices within Ukrainian subsidiaries. Looking back at the Proposition 4, which states that in both Ukrainian and Russian subsidiaries of Western MNCs can be found such standardized HRM practices as competency-based selection, extensive training and development programs, formal performance appraisal systems, structured compensation systems and nonmonetary benefits, and strong corporate culture, one can observe that more variations could be found due to the home country effects. The willingness to transfer HRM practices and the extent of transfer in companies of different origins varies, and therefore has differing effects on the process of transferring HRM practices to Russian and Ukrainian subsidiaries. In order to trace these effects the work system characteristics at subsidiary level can be analyzed. In subsidiaries, where the work systems characteristics are different from typical for Ukraine and Russia (as described in proposition 1) HRM practices would be more standardized and do not resemble the local approach. This statement can serve as another research proposition.

Proposition 5. In subsidiaries, where the work systems characteristics are different from typical for Ukraine and Russia (as described in proposition 1) HRM practices would be more standardized and do not resemble the local approach.

4.9. The Chapter Synthesis

This Chapter provided an overview of the MNCs in Russia and Ukraine and the process of transfer of HRM practices from Western headquarters. Three more propositions were formulated here based on the finding of previous studies and the Business System Approach. The Proposition 3 highlights the importance of internal factors within the organization and the micro political aspects discussed by Ferner and Edwards (1995) and Waechter et al. (2003). The scholars argued that certain contingency factors as well as other organizational characteristics of a subsidiary can facilitate or inhibit the transfer of HRM practices from MNCs headquarters to their overseas subsidiaries. Among such factors the authors found the size, age, type of foundation, level of control, etc. play significant role in extent of standardization of HRM practices.

In addition, the bulk of literature dedicated to MNCs in Russia and Ukraine emphasizes the fact that institutions in these countries are very weak allowing MNCs to successfully transfer best Western HRM practices. This argument is challenged in current research by proposition 4.

Finally, one more proposition (5) was formulated based on Whitley's (1999) Business System Approach comparing the Western Work Systems with Russian and Ukrainian ones. This proposition suggests that similar work systems would shape the similar HRM practices, highlighting the limitations Business system Approach.

V. Research Design

5.1. Conceptual Framework and Propositions

Three sub questions were formulated to answer the main research question, “What are the national context effects in the transfer of HRM practices from the headquarters of Western MNCs to their Ukrainian subsidiaries in comparison with Russia?”

RSQ1: Which HRM practices at Ukrainian subsidiaries of Western MNCs were adopted from or fully adapted to the local environment and what are the effects of the national context in shaping these practices?

RSQ2: How the organizational level effects inhibited or facilitated the transfer of HRM practices from the headquarters of Western MNCs to their Ukrainian subsidiaries?

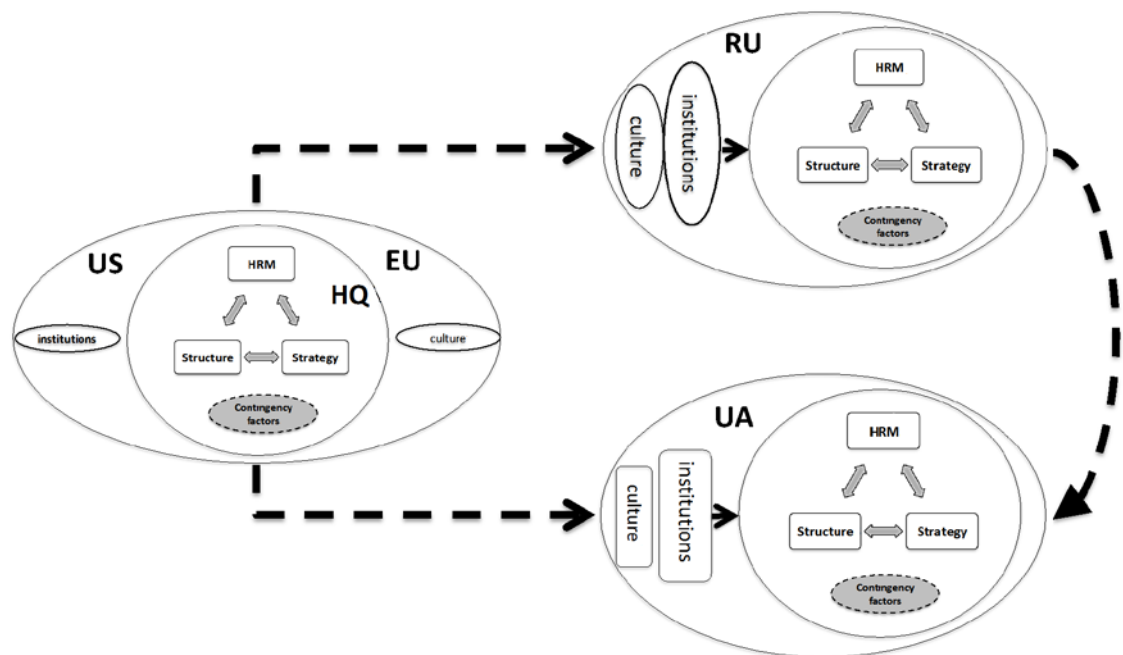
RSQ3: Which HRM practices at Ukrainian subsidiaries represent standardised Western approach and what are the effects of the national context in successful integration of these practices?

These three research sub questions structure the present study around three main groups of HRM practices. The first group is the local HRM practices in Russia and Ukraine that were adopted from the domestic context or fully adapted to the local environment. Adoption of HRM practices reflects national context effects, which shape HRM practices among domestic firms or force Ukrainian subsidiaries to adapt to the needs of the local environment and design country-specific HRM practices. The second group is focused on those HRM practices at Ukrainian subsidiaries that were diffused from Western headquarters, but could not be implemented or integrated due to certain national context effects. The third group represents the standardized HRM practices at Ukrainian subsidiaries, which were successfully transferred from Western headquarters or adopted by Ukrainian HR managers from the global pool of best practices. Within each group, the factors that inhibit or facilitate certain practices provide a clear picture of various national context effects.

The research framework builds upon the integrated conceptual model developed by Waechter et al. (2003). Figure 16 shows the relationship and interaction between the headquarters of Western MNCs (for example, US and EU countries) and their Russian and Ukrainian subsidiaries. The dotted line indicates the influence that Western business systems and MNCs exert on Russia and Ukraine. The main focus of the

present study is the extent to which host-country institutions and domestic culture filter Western management practices embedded in home-country institutions when those practices are transferred. The role of host-country effects in Ukraine compared to Russia is integral to this analysis.

Figure 16. Applied Conceptual Model



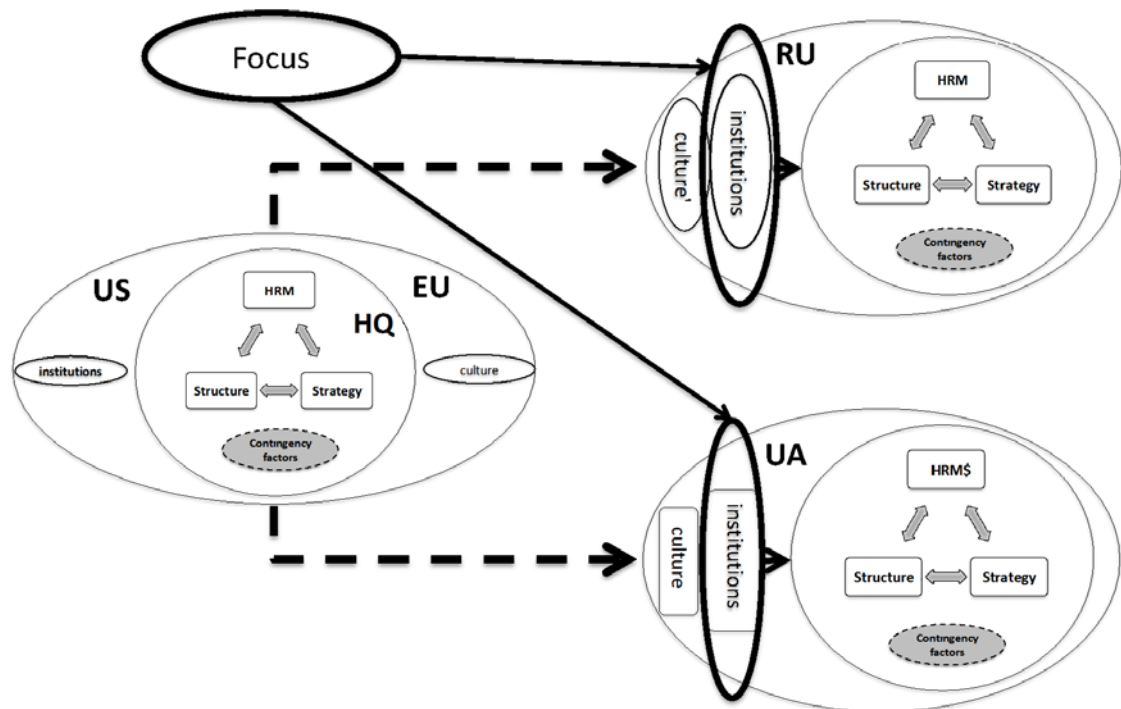
Source: Adapted from Waechter et al. (2003)

There are two layers in the model: the first one represents the external environment, or Macro-level, and is composed of institutions and culture; the second layer represents the organizational environment, or Micro-level and is composed of company structure, strategy, management policies and practices and other organizational features. For the first layer, the literature on business system theory suggests that certain work systems and management practices are common for domestic firms, and therefore can also be found in subsidiaries of Western MNCs that do not transfer Western standardized management practices to their Russian and Ukrainian subsidiaries.

All of the propositions have been formulated according to the research, and the conceptual model is the foundation for theoretical assumptions about the effects of host-country institutions, cultural influence, contingency factors, coordination mechanisms, and other effects on process of transfer.

Starting from host-country institution the focus of study is illustrated in figure 17, which is the conceptual model of research.

Figure 17. National context effects



Ferner (1997) claims that the role of institutions in comparative studies on the transfer of HRM practices is highly important, but the transition process in Russia and Ukraine and the lack of institutional development limits the application of institutional theories. Whitley's (1999) business system approach provides a sufficient foundation for analyzing the impact of institutions on HRM practices in various environments. As Chapter 3 showed, the business system approach is valid for Russia and could be applied to Ukraine for the purpose of studying path dependence at MNCs. These theoretical propositions provide the framework for an answer to the first research subquestion.

Proposition 1. In Ukrainian and Russian subsidiaries of Western MNCs there are following national context effects on HRM practices:

Recruitment and Selection

1a. The weak public training system forces companies to recruit via personal contacts and select experienced employees. (Zaikovskaya, 2009; Bjoerkman et al., 2006).

Training and Development

Ib. Undeveloped vocational training in business and gaps in Soviet public education result in deficiencies in knowledge of business studies and foreign languages, and employees require extensive training in those areas. (Bjoerkman et al., 2006; Walker, 2006; Vlachoutsicos and Liargovas, 1999).

Ic. The financial system based on credit reproduces low employer-employee interdependence. Companies experience high employee turnover, and therefore are not willing to invest in personnel development. (Estrin and Rosevear, 1999; May et al., 1998).

Performance Management

Id. In Russia, a low-trust environment discourages employees' involvement in decision-making; employees are evaluated based on results (May et al., 1998); however, in Ukraine employees seek higher involvement in decision making, which would generate additional criteria for appraisal, such as the process and career development. (Gaidai, 2006; Degtyareva, 2005).

Ie. Due to the lack of formal procedures and mistrust, managers are not willing to delegate responsibilities, instead preferring direct supervision. (Filatotchev et al., 1999; Clarke, 2004; May et al., 1998).

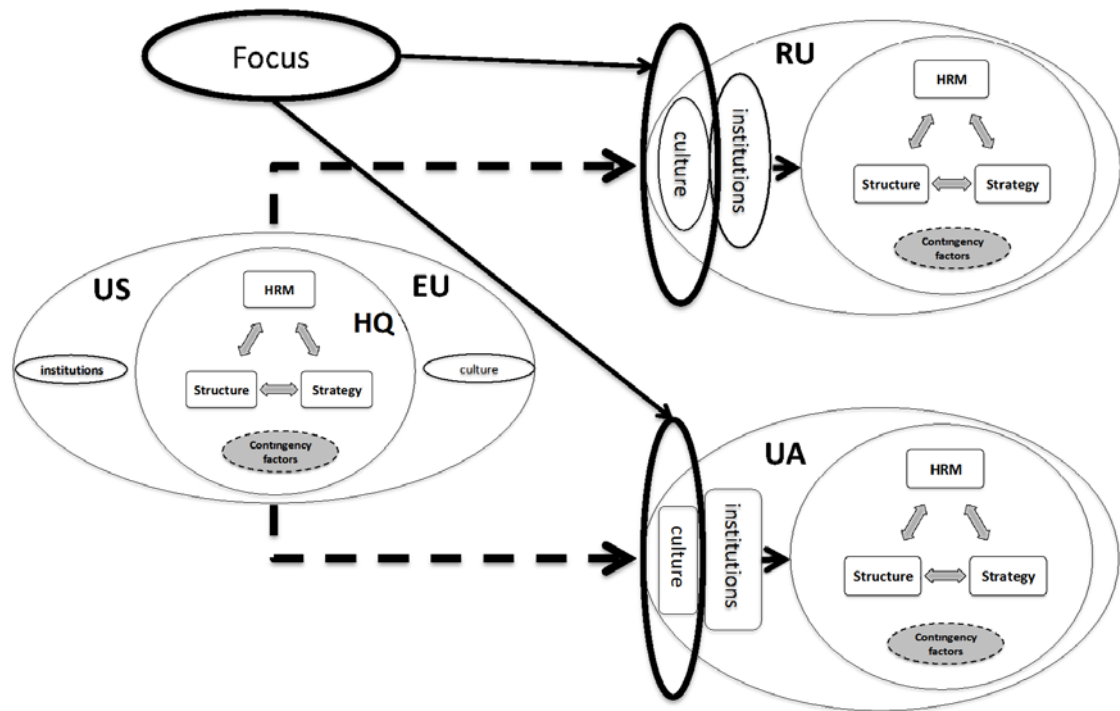
Compensation and Benefits

If. In Russia, weak trade unions and decentralized bargaining allows individual negotiation for compensation and high wage differentials (Festing, and Sahakiants, 2010; Gvozdiov, 2010; Cheglakova, 2008; Gurkov, 2008; Kalabina, 2011; Croucher, 2000; Kubicek, 2002); however, in Ukraine recent neo-corporatist arrangements reduced wage differentials. (Mykhnenko, 2005).

Ig. In credit based financial systems rewards are tied to the employee's position, instead of skills or potential, and compensation packages include profit sharing. (Kalabina, 2011).

The next focus of research is the culture, which is illustrated in figure 18.

Figure 18. Cultural influence



Due to weak and underdeveloped institutions in Russia and Ukraine, many scholars have found a significant cultural effect from transferring HRM practices (Lawrence, Vlachoutsicos, 1990; Welsh, 1993; Puffer, 1996; Elenkov, 1998; Holden, Cooper, Carr, 1998; Michailova, 2000). For the present study, the cultural characteristics of Russians and Ukrainians were taken into consideration, and based on the empirical studies of culture presented in Chapter 3, table 17, the following propositions were formulated:

Proposition 2. Based on employees' cultural qualities the most suitable for Russia HRM practices would be as follow: Low individualism requires group benefits, high uncertainty avoidance means employees expect fixed salaries, high power distance compels employees to follow orders. Contrary, in Ukraine, higher individualism allows individual benefits, lower uncertainty avoidance encourages more risk taking and participation in profit sharing, lower power distance means that employees are more likely to take the initiative (Rogovsky and Schuler, 1997; Elenkov, 1997; Latov, 2006; Sheremet, 1999; Gaidai, 2006; Mitry and Bradley, 1997).

Ferner and Edwards (1995) argued that micro-political aspects have significant impact on the transfer of HRM practices. Expatriates, HR managers and other inter-

organizational actors might facilitate or inhibit the adaptation of Western practices at subsidiaries. Authors also observed significant impact on the transfer of HRM practices such contingency factors as size, age and ownership (Ferner, 1997; Bjoerkman and Ehrnroot, 2000). All of these factors therefore should be included in the present study's analytical framework (figure 19) and formulated as the following propositions:

Proposition 3. In Ukrainian and Russian subsidiaries of Western MNCs there are following internal factors that have an impact on standardization of HRM practices:

3a. Larger subsidiaries (with more employees) are more likely to follow home country practices. This could be a reflection of the strategic importance of larger subsidiaries. When a subsidiary represents a major source of income and serves an important market, especially an emerging market, HQ tends to take more control over the subsidiary and standardize practices. (Bjoerkman and Ehrnroot, 2000).

3b. Older subsidiaries are more likely to follow home country practices. (Bjoerkman and Ehrnroot, 2000).

3c. Greenfield investments would facilitate transfer of HRM practices from HQ. (Bjoerkman and Ehrnroot, 2000).

3d. Higher foreign ownership would facilitate transfer of HRM practices from HQ. (Bjoerkman and Ehrnroot, 2000).

3e. An international background of HR manager at subsidiary would facilitate transfer of HRM practices from HQ.

3f. A stronger subsidiary dependence on HQ's resources would facilitate transfer of HRM practices from HQ.

3g. Lower HQ-subsidiary control reproduces lower standardization of HRM practices. (Ferner and Edwards, 1995).

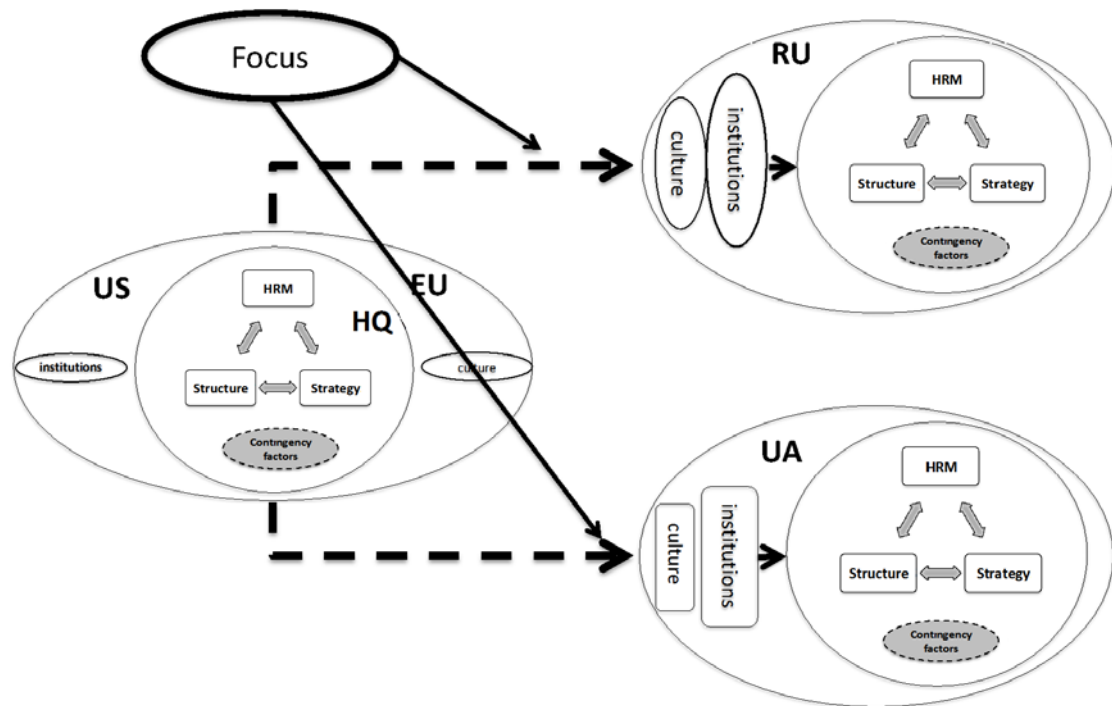
3h. Empowered HR functions within an MNC's subsidiary would facilitate transfer of HRM practices from HQ. (Bjoerkman et al., 2006; Festing, 2010; Myloni et al., 2007).

3i. A high number of expatriates would facilitate transfer of HRM practices from HQ. (Engelhard, Nagele, 2003; Jorkman et al., 2006; Shekshnia, 1994; Denisova-Schmidt, 2008).

3 h. In companies with a global strategy and structure, HRM policies and practices will be more standardized, in contrast to companies with multi-domestic strategies and

structures that depend on domestic context or geographic region, wherein HRM policies and practices are more adapted to local conditions (Briscoe et al., 2012).

Figure 19. Impact of internal factors.



Finally, it is important to mention that the overall strength of host country institutions as well as its similarity with home country institutions would define the extent of transfer of HRM practices as well.

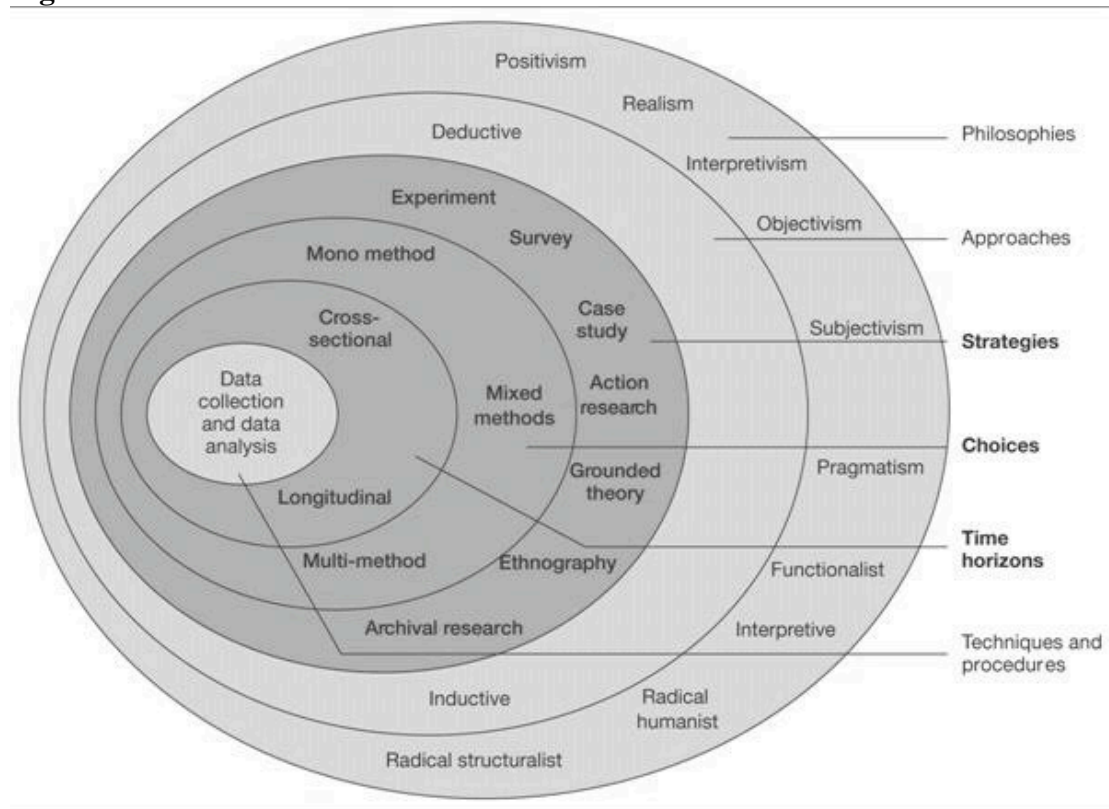
Proposition 4. Weak institutions in Russia and Ukraine would facilitate the transfer of following standardized HRM practices to Ukrainian and Russian subsidiaries of Western MNCs: competency-based selection, extensive training and development programs, formal performance appraisal systems, structured compensation systems and nonmonetary benefits, and strong corporate culture. (Lesyk, 2005; Zaikovskaya, 2009; Boguts'ka, 2010; Gvozdirov, 2010; Krylov, 2009; Fey and Shekshnia, 2010; Hanson and Teague, 2005; Clarke S., 2004; Golovanova and Kadochnikov, 2011; Zudin and Golikova, 2011; Soldatenko and Fedorenko, 2005; Lesyk, 2005; Galiulina, 2011).

Proposition 5. In subsidiaries, where the work systems characteristics are different from typical for Ukraine and Russia (as described in proposition 1) HRM practices would be more standardized and do not resemble the local approach.

5.2. Research Strategy and Methods

The methods of data collection and the way in which research question were answered can be explained using the “research onion” developed by Saunders et al. (2007) and presented in Figure 20.

Figure 20. The research onion



Source: Saunders, Lewis, Thornhill (2007).

5.2.1. The research philosophy

Starting with the outer layer of the onion, prior to discussing the research strategy and methods, research philosophy must be examined, encompassing important assumptions about the way in which the study was viewed. Three major approaches to research philosophy are epistemology, ontology and axiology.

Epistemology constitutes the acceptable knowledge in a field of study, and has three positions: positivism, realism and interpretivism. Positivism is the observation of social reality and the generalization of results, as in the physical and natural sciences (Saunders et al., 2007). Realism has two forms that differ based on mental processing of sensations or observations: direct realism and critical realism. Direct realism considers only the idea that studied objects exist and measures those objects. In contrast, critical realism suggests that “our knowledge of reality is a result of social conditioning ... and

cannot be understood independently of social actors involved in the knowledge derivation process” (Saunders et al., 2007:105). Interpretivism highlights the role of social actors, whose role is interpreted according to individual perceptions of meaning.

Ontology refers to two aspects of the way the world operates: objectivism and subjectivism or social constructionism. Objectivism holds that “social entities exist in reality external to social actors concerned with their existence” (Saunders et al., 2007:108). In contrast, subjectivism explores the subjective meaning that motivates the actions of social actors. Axiology reflects the values that the researcher projects onto his or her study, which could influence the choice of research topic or data collection techniques. Table 26 represents a summary of different research philosophies.

Table 26. Research Philosophies

	Positivist	Interpretivist	Realism
Ontology			
Nature of ‘being’/nature of the world	Have direct access to real world	No direct access to real world	There are real world objects apart from the human knower.
Reality	Single external reality	No single external reality	There is an objective reality
Epistemology			
‘Grounds’ of knowledge/relationship between reality and research	<p>Possible to obtain hard, secure objective knowledge</p> <p>Research focus on generalization and abstraction</p> <p>Thought governed by propositions and stated theories</p>	<p>Understood through ‘perceived’ knowledge</p> <p>Research focuses on the specific and concrete</p> <p>Seeking to understand specific context</p>	The investigator and the object of investigation are linked such that who we are and how we understand the world is a central part of how we understand ourselves, others and the world.
Methodology			
Focus of research	Concentrates on description and explanation	Concentrates on understanding and interpretation	‘Objectivity’ remains an ideal that researchers attempt to attain through careful sampling and specific research techniques.
Role of the researcher	<p>Detached, external observer</p> <p>Clear distinction between reason and feeling</p> <p>Aim to discover external reality rather than creating the object of study</p> <p>Strive to use rational, consistent, verbal, logical approach</p> <p>Seek to maintain clear</p>	<p>Researchers want to experience what they are studying</p> <p>Allow feeling and reason to govern actions</p> <p>Partially create what is studied, the meaning of phenomena</p> <p>Use of pre-understanding is important</p> <p>Distinction between facts and value judgments less clear</p> <p>Accept influence from both</p>	<p>It is possible to evaluate the extent to which objectivity is attained. This can be evaluated by the community of scholars as well as by the community of people who are studied.</p> <p>Combination of qualitative and quantitative methods.</p> <p>Research is conducted in more natural settings and more situational or contextual data is collected.</p>

Techniques used by researcher	distinction between facts and value judgments Distinction between science and personal experience Formalized statistical and mathematical methods predominant	science and personal experience Primarily non-quantitative	Incorporate methods to elicit participants' ways of knowing and seeing (interview, observation, text). Research designs provide opportunities for discovery (emergent knowledge) as opposed to operating by testing <i>a priori</i> propositions.
-------------------------------	---	---	--

Source: Based on Carson et al. (2001), p.6 and Guba, Lincoln (1994)

Overall, the choice of research philosophy is influenced by practical considerations such as a particular view of the relationship between knowledge and the process by which knowledge is developed. The present study adopts the critical realism epistemological position, in attempting to identify the meanings of social interactions through the practical and theoretical processes of the social sciences. This philosophy is useful in recognizing the importance of a multilevel study (institutions, organization, individuals), wherein each level has the capacity to interact with another level. In a study of host-country effects, the theory and conceptual model suggest that there are external and internal factors that influence HRM strategy. In addition, the interaction between the headquarters' policies, institutions and employees is the main focus in understanding the process of transferring HRM practices.

5.2.2. The research approach and purpose

The next layer of the onion, which is the main approach of the study, refers to the use of theory and deductive or inductive methods. The deductive approach involves the development of theory and propositions that will be subjected to rigorous tests. The inductive approach constructs a theory based on collected data and its analysis. The present study used the inductive approach, in which national context effects were observed in order to formulate the propositions. Business systems theory was applied as a research framework and extended to under-researched post-Socialist countries such as Russia and Ukraine.

The purpose of the study is a projection of the way in which the research question was asked. There are three purposes in research: exploratory, descriptive and explanatory, and in some research projects more than one purpose exists. Robson's (2002:59) definition of exploratory research states that "an exploratory study is a

valuable means of finding out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light”. This purpose has a direction to the enquiry and aims to progressively narrow the initially broad focus. Explanatory studies establish causal relationships between variables.

For the current research question, “What are the national context effects in the transfer of HRM from the headquarters of Western MNCs to their Ukrainian subsidiaries in comparison with Russia?” an exploratory purpose is clear. The research explores the new context of transition economies and the impact of context on HRM practices in MNCs operating in those countries, applying theory that has never been tested there before.

5.2.3. The research strategy and method

The selection of research strategy is guided by numerous factors such as the research question and objectives, the extent of existing knowledge, and the amount of time and other available resources.

In the literature, the consensus is that the case study is the most appropriate way to observe both how HRM practices transfer from headquarters to subsidiary (Festing, Eidems, Royer, 2007) and how host-country factors influence this process (Fey, Pavlovskaya, Tang, 2004). Scholars believe that deeper insight into these issues can be achieved only through a detailed analysis of a particular company. Yet, many studies are still based on a large number of companies in an attempt to understand general trends among subsidiaries operating in a given market (Gurkov and Zelenova, 2008).

Robson (202:178) defines the case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence”. This strategy is appropriate to gain a rich understanding of the context of the research and the processes being enacted (Morris and Wood, 1991). In addition, the case study provides better answers to questions such as “why?”, “what?”, and “how?”. The case study strategy is most often used in explanatory and exploratory research (Saunders et al., 2007), which is the purpose of the present study.

In addition to the widely used qualitative approach including interviews, several studies have used a quantitative approach with questionnaire distribution (Bjoerkman and Ehrnrooth, 2000; Camiah and Hollinshead, 2003; Fey and Denison, 2003). As Matveev (2002) states: “Intercultural researchers are deemed to have certain challenges

due to cultural, linguistic, business practice, and communication differences of the research participants, survey respondents, and interviewees. Combining quantitative and qualitative methods helps to prevent some of these challenges and manage others”. For the present study, a questionnaire was developed and employed for analysis of internal factors that have an impact on extend of standardization of HRM practices at Ukrainian subsidiaries. It was also used in order to structure the interview, recovering time on closed-ended questions and discussing in details unclear moments. A survey alone would not have been appropriate because there is too much to learn; a qualitative approach is necessary, as this study aims to modify and validate an existing theoretical premise. Whitley’s theoretical framework was never applied in the Russian and Ukrainian context, and these countries in transition require a deeper analysis, not a broader one. In the cultural contexts of Russia and Ukraine, an interview-based approach would yield more data. As Johanson (in Piekkari and Welch, 2004: 514) states: “Spontaneous and semi-structured interviews with people directly or indirectly involved in the process helps achieve data richness, since the richness comes from people’s willingness to share experience and opinions—which is more likely to occur when the interviewee trusts the interviewer. Such interviews often take the form of conversation, which tends to result in qualitative data”. Consequently, the semi-structured interviews with senior HR managers of Ukrainian and Russian subsidiaries of Western multinational companies were additionally employed to discover the relationships between various influential factors and HRM practices.

Because of their high-context culture, Russians and Ukrainians value the context behind words; therefore it is beneficial for the interviewer to be from the same culture, in order to read between the lines during an interview. The interview-based approach also achieves a higher return rate. As Daniels and Cannice (in Marschan-Piekkari and Welch, 2004) argue, people are more prone to throw out a questionnaire than to deny an interview request, which is especially true in Russia and Ukraine, where executives are neither accustomed to responding to questionnaires nor convinced that their responses will remain anonymous. The development of rapport through interviews is important when informants are suspicious of how information may be used. Daniels and Cannice (in Marschan-Piekkari and Welch, 2004) also raise the issue of unreliable postal service, which is the case in Russia and Ukraine, and supports the interview approach.

5.2.4. Validity and reliability of the data

As Saunders (2007:150) states: “Validity is concerned with whether the findings are really what they appear to be about”. To address possible concerns that the qualitative research would not be sufficiently scientific, several strategies were applied (Merriam, 1995).

First of all, the internal validity was insured by extending the proven theory. This research is therefore built on Business Systems Approach developed by Whitley (1999). Most of the propositions were derived from this theory; however, this theory was complemented by culturalist approach allowing triangulation of theory.

Another strategy was focused on triangulation of data. Triangulation is “the use of different data collection techniques within one study in order to ensure that the data are telling you what you think they are telling you. For example, qualitative data collected using semi-structured group interviews may be a valuable way of triangulating quantitative data collected by other means such as questionnaire” (Saunders, 2007:139). The techniques used for triangulation of data were mixed and varied among the studied companies. For selected cases, the interviews were conducted either with different employees within the same business unit or with employees from different business units in the same company (e.g., the Russian and Ukrainian subsidiaries of one MNC). Each interview was supported by a questionnaire that the manager filled out prior to the interview. Another triangulation technique was to interview the managers from HQ and from a subsidiary of the same company to observe the event from opposite sides of the transfer. Such secondary data review as financial reports and other internal corporate documentation were also included in case study analysis.

To ensure that the conclusions derived from research are valid, the research design should include a focus group composed of experts (Merriam, 1995). In each stage of data collection and analysis for the present study, focus groups were gathered and conclusions discussed. These discussions with experts helped to generalize the findings and, as a consequence, to ensure the external validity. The ‘thick description’ of research was provided to experts in order to allow them “to determine how closely their situation match the research situation, and hence, whether findings can be transferred” (Merriam, 1995:58). Four conference papers were presented to scholars doing similar research and to experts from domestic and multinational companies in Russia. The remarks of experts were incorporated in research. After experts’ revision,

two articles on Russian context were published, one in a Russian academic journal (Novitskaya, Davoine, Kabalina, Voronina, 2012) and another one in peer-reviewed Journal of East-West Business (Novitskaya and Brewster, 2016). In Ukraine, one presentation of results was made to experts and two articles were published in local journals, one for practitioners and the other for academics (Novitskaya and Davoine, 2011; Novitskaya and Davoine, 2013). In addition, the casebook that includes the findings from both Russia and Ukraine was published in Ukraine. Internationally, a separate article on Ukrainian context was presented at a conference in London and was selected for a publication (Novitskaya, 2015).

Apart from the focus groups of experts, the author contributed to the process of validation through personal observation and 11 years of experience working in multiple domestic and international companies originating in Ukraine and Russia.

For the quantitative analysis several technics were applied to ensure the reliability of collected data. Dependent variables, which represent the central focus of the research and are aimed to measure the extent of transfer of HRM practices from Western HQ to Ukrainian subsidiaries, had three questions for each variable. The correlation analysis (Appendix 5) of these questions has shown significant relationship among them what proves their reliability. Most of the independent variables have also had several questions for each variable to test their reliability. Similar, the statistical analysis had shown significant correlation between these questions.

5.2.5. The empirical field

Because Moscow and St. Petersburg are the most developed regions in Russia, and have the highest number of MNCs operating there, almost all previous studies have been focused on those cities. To select relevant organizations for empirical studies, scholars paid attention to size, preferring companies with at least 30 employees, and focused on firms that had operated in the Russian market for more than two years (Fey and Shekshnia, 2010). For ownership structure, some studies required at least 50% of the company to be foreign-owned, although the location of its headquarters was not important. Among prospective home countries, the US context was studied separately (Elenkov, 1998; Naumov, Jones, Puffer, 1995; Puffer and McCarthy, 1995). Descriptive studies that aimed to cover as many as possible companies did not distinguish between companies, and included every company size, industry and

ownership structure in their studies (Gurkov and Zelenova, 2008; May, Young, Ledgerwood, 1998).

In Ukraine, regions are more equally developed and there is a higher distribution of industrial sectors across the country (Estrin and Rosevear, 1999), but upper-level management is located primarily in Kiev.

The empirical field of the present study covers Russian and Ukrainian subsidiaries of largest Western MNCs – leaders in the industry, in Moscow and Kiev respectively, in which the foreign parent company owned at least 80% of the equity. To eliminate possible home-country effects, subsidiaries of US, German and French MNCs were of prime interest; however, other origins and local Russian and Ukrainian companies were included in the research to better observe the host-country effects. Tables 27 and 28 present the lists of companies in Russia and Ukraine that were studied through qualitative and quantitative approach.

Table 27. Empirical field in Russia

N	Code name by Origin	Industry	N of employees	Founded in	Greenfield/Brownfield
1	US Mi	IT	700	1994	Greenfield
2	US D	Consulting	1500	1994	Brownfield
3	US I	Production/ brew	8000	1999	Brownfield
4	US M	Pharm	900	2010	Brownfield
5	US P	FMCG	16000	1995	Brownfield
6	Germany O	Retail	1800	2006	Brownfield
7	France R	Production/ auto	4000	1998	Brownfield
8	France D	Production/ food	1400	1996	Brownfield
9	France S	Bank	7000	2004	Brownfield
10	Swiss N	Pharm	800	1996	Brownfield
11	Sweden S	Bank	500	2005	Brownfield
12	Korea L	Electronics	1800	2006	Greenfield
13	Denmark	Pharm			
14	Sweden-Ru	Media		1996	Brownfield
15	Russia U	Bank	18000	1960	N/A

Table 28. Empirical field in Ukraine

N	Code name by Origin	Industry	Size	Age	Br/Gr
1	US P	Pharm	200	2005	Brownfield
2	US M	Pharm	300	1997	Brownfield
3	US I	IT	100	2007	Greenfield
4	US Mi	IT	125	2003	Greenfield
5	US K	FMCG	1800	1995	Brownfield
6	US C	Agro	800	1995	Brownfield
7	US B	Agro	1000	1998	Brownfield
8	US D	Logistics	300	1991	Greenfield
9	US E	Consulting	505	1991	Greenfield
10	France AI	Telecom	105	2001	Greenfield
11	France A	Insurance	1000	2007	Brownfield
12	France S	Polymer	570	2006	Brownfield
13	Germany H	FMCG	998	1998	Brownfield
14	Germany M	Retail	7200	2002	Greenfield
15	Germany R	Polymer	120	1997	Greenfield
16	Germany S	Pharm	280	2006	Brownfield
17	Swiss N	FMCG	4500	1996	Brownfield
18	Swiss U	Event		1991	Brownfield
19	Ukraine W	Auto			N/A
20	Ukraine L	Electronics			N/A
21	Ukraine A	Pharm	800	2005	N/A
22	N/A	N/A	5000	1991	Greenfield
23	N/A	N/A	170	2006	Greenfield
24	N/A	N/A	900	1990	Greenfield
25	N/A	N/A	150	2005	Greenfield
26	N/A	N/A	75	2012	Greenfield
27	N/A	N/A	800	2012	Greenfield
28	N/A	N/A	200	1999	Brownfield
29	N/A	N/A	300	1998	Greenfield
30	N/A	N/A	1500	1988	Greenfield
31	N/A	N/A	1300	2015	Greenfield
32	N/A	N/A	6500	2001	Greenfield
33	N/A	N/A	320	2000	Greenfield
34	N/A	N/A	200	1999	Greenfield
35	N/A	N/A	250	1992	Brownfield

36	N/A	N/A	50	2006	Greenfield
37	N/A	N/A	1400	1995	Greenfield
38	N/A	N/A	240	2012	Greenfield
39	N/A	N/A	1100	1997	Greenfield
40	N/A	N/A	200	1990	Greenfield
41	N/A	N/A	150	2000	Greenfield
42	N/A	N/A	150	1997	Brownfield
43	N/A	N/A	500	2002	Greenfield
44	N/A	N/A	1700	1997	Brownfield
45	N/A	N/A	30	1914	Greenfield

A total of 60 companies participated in the study, 45 from Ukraine and 15 from Russia. The sample included a variety of industries within manufacturing and services. The minimum number of employees at a subsidiary was 30 and the maximum was 7200 employees. Most of the subsidiaries, especially in Russia, were Brownfields, whereas there were more Greenfields in Ukraine. This sample size represent more than 50% of targeted population for study in Ukraine and covers the major market players. Out of total 45 Ukrainian companies only one had less than 100% of foreign ownership.

The missing data was impossible to find due to the lack of public information flow in Russia and Ukraine, in addition to the HR manager's lack of knowledge about the local history of the subsidiary.

5.2.6. The data collection process

For the qualitative data collection, most of the interviews were conducted personally by the author, with a few exceptions, while survey was done by professional agency in Ukraine called RTC. The use of a survey agency was urged by our Russian and Ukrainian academic partners referring to the challenge of field access in the area. Commencing with interviews, in Russia, the author's supervisor, Dr. Eric Davoine, interviewed the senior HR manager, who was promoted from the subsidiary's HR manager to the HQ's HR manager within the company "France D". Master's students from a Russian partner institution, the Russian State University HSE, conducted interviews at three companies "US Mi", "US M" and "Swiss N" based on detailed explanations of the analytical framework and the interview guide provided by the author (Appendix 2). In addition to conducting interviews with senior HR managers, the Master's students had the opportunity to observe the companies from the inside, study the internal documentation and interview other managers. As a result, the

complete case studies of these companies were presented as a Master's thesis and used for this Doctoral dissertation.

In Ukraine, three French companies were interviewed by colleagues from the Ukrainian partner institution (kmbs), who were involved in the research from the beginning and were present during all other interviews with the author. Before these interviews, the author had analyzed the questionnaire (Appendix 3), which was completed prior to the interview and formulated focused questions for the interview. The author could not attend those interviews due to financial constraints.

The questionnaire for survey was sent to a recommended Ukrainian survey agency, RTC, which was instructed to distribute it among senior HR managers of multinational companies in Ukraine with more than 30 employees. Another criteria for targeted companies was foreign ownership, which should be more than 80 % and originally from such Western countries as US, France and Germany.

Data collection lasted three years and had three phases. The first phase, which was a pilot study, took place in Russia where the interviews were structured in order to test the possibility of conducting quantitative research. Significant changes to the interview guide and the questionnaire were applied after this phase to continue research in Ukraine. Importance of qualitative approach was confirmed at this stage since survey questions could not reveal the reasons underlying the studied effects. The researcher was able to discover these reasons during the interview, achieving a richer context to explain the observed effects.

The second phase was in Ukraine, where interviews were semi-structured, allowing the interviewees to lead the conversation between the questions. Prior to the interviews, public information about each company was reviewed to form a preliminary picture of the company. Senior HR managers of Ukrainian subsidiaries completed the questionnaire and returned it to the researcher before the interview. The role of the questionnaire, apart from triangulation of data and statistical conclusions, was also to save limited time during interviews that typically lasted between one and two hours. The questionnaire asked short answers to closed-ended questions in order to focus the interview on important issues.

Two US companies were studied in both Russia and Ukraine, one of them in the pharmacy sector (US M) and another in the IT sector (US Mi). Comparing HRM practices within two subsidiaries of the same company facilitates the identification of differences in host-country effects in Russia and Ukraine.

Third phase of research was a survey in Ukraine. The same questionnaire (Appendix3), which was tested in Russia and employed during the second phase in Ukraine, was provided to a survey agency in Kiev, Ukraine for research. The survey agency had filled the questionnaire by means of interview with HR managers of Ukrainian subsidiaries. The same filter was applied for selection of companies at this stage.

Tables 29 and 30 summarize the data collection methods in Russia and Ukraine.

Table 29. Data collection methods in Russia

N	Code name by Origin	Interviewer	Questionnaire	Type of interview	Respondents	Other methods
1	US Mi	Author, Master's student	Yes	Structured, 2 Semi-structured	HR director HR managers,	Secondary data, Internal documentation.
2	US M	Master's student	Yes	Semi-structured	Head of recruitment	Secondary data, Internal documentation.
3	US D	Author	Yes	Structured	Head of HR and compensation	No
4	US I	Author	Yes	Structured	Recruitment and development manager	No
5	US P	Author	No	Semi-structured by telephone	HR manager at HQ	No
6	Germany O	Author	Yes	Structured	HR director	No
7	France R	Author	Yes	Structured	Training and development manager	No
8	France D	Supervisor	Yes	Structured	HR director at subsidiary and HR manager at HO	No
9	France S	Author	Yes	Structured by telephone	Head of transformation team	No
10	Swiss N	Master's student	No	8 Semi-structured	HR director and HR managers	Secondary data, Personal observation
11	Sweden S	Author	Yes	Structured by telephone	HR director	No
12	Sweden C	Author	Yes	Structured by telephone	HR director	No
13	Korea L	Author	Yes	Structured by telephone	HR director	No
14	Russia U	Author	Yes	Semi-structured	Corporate university director	No
15	Denmark	Author	No	Semi-structured	HR director	No
	Total		12	23	26	

Table 30. Data collection methods in Ukraine

N	Origin	Method	Questionnaire	Type of interviews	Respondents	Other methods
1	US P	Author, Partner	Yes	Semi-structured	HR director	Secondary data
2	US M	Author, Partner	Yes	3 Semi-structured	HR director, HR manager, Compliance officer	Internal documentation, Secondary data
3	US I	Author, Partner	Yes	Semi-structured	HR director	Secondary data
4	US Mi	Author, Partner	Yes	2 Semi-structured	HR director	Secondary data
5	US K	Author	No	Presentation	HR director	
6	US C	Author, Partner	Yes	Semi-structured	HR director	
7	US B	Author	Yes	Semi-structured	GM assistant, recruitment manager	
8	US D	Author	Yes	No	HR director	
9	US E	Author	Yes	No	HR business partner	
10	France A	Partner	Yes	Semi-structured	HR director	Secondary data
11	France A	Partner	Yes	Semi-structured	HR director	Secondary data
12	France S	Partner	Yes	Semi-structured	HR director	Secondary data
13	Germany H	Author, Partner	Yes	Semi-structured	HR director	Secondary data
14	Germany M	Author, Partner	Yes	2 Semi-structured	HR director	Secondary data
15	Germany R	Author, Partner	Yes	Semi-structured	HR director	Secondary data
16	Germany S	Author	Yes	Semi-structured	HR director	
17	Swiss U	Author	Yes	Structured	HR director at HQ	
18	Swiss N	Author, Partner	No	2 Semi-structured	HR director, Factory line manager	
19	Ukraine W	Author, Partner	No	Semi-structured	HR director	
20	Ukraine L	Author, Partner	No	Semi-structured	HR director	
21	Ukraine A	Author	Yes	Semi-structured	HR director	
22	N/A	Survey agency	Yes	No	HR manager	
23	N/A	Survey agency	Yes	No	HR manager	
24	N/A	Survey agency	Yes	No	HR manager	
25	N/A	Survey agency	Yes	No	HR manager	
26	N/A	Survey agency	Yes	No	HR manager	
27	N/A	Survey agency	Yes	No	HR manager	
28	N/A	Survey agency	Yes	No	HR manager	

29	N/A	Survey agency	Yes	No	HR manager	
30	N/A	Survey agency	Yes	No	HR manager	
31	N/A	Survey agency	Yes	No	HR manager	
32	N/A	Survey agency	Yes	No	HR manager	
33	N/A	Survey agency	Yes	No	HR manager	
34	N/A	Survey agency	Yes	No	HR manager	
35	N/A	Survey agency	Yes	No	HR manager	
36	N/A	Survey agency	Yes	No	HR manager	
37	N/A	Survey agency	Yes	No	HR manager	
38	N/A	Survey agency	Yes	No	HR manager	
39	N/A	Survey agency	Yes	No	HR manager	
40	N/A	Survey agency	Yes	No	HR manager	
41	N/A	Survey agency	Yes	No	HR manager	
42	N/A	Survey agency	Yes	No	HR manager	
43	N/A	Survey agency	Yes	No	HR manager	
44	N/A	Survey agency	Yes	No	HR manager	
45	N/A	Survey agency	Yes	No	HR manager	
	Total		41	22	48	

5.2.7. Limitations and biases in data collection process

The national embeddedness of organizations influences how information for research might be obtained and interpreted. The meaning of practices in the various national systems differ, as do the meanings of local notions or the local use of global notions to describe these practices. The greatest challenges are field access and implicit rules of cross-cultural communication, which require both knowledge of the studied culture and the intuition and sensitivity to be able to develop trust with the interviewee and grasp hidden notions during the interviews.

The field access. Many local and Western scholars confirm the challenge of gaining access to the field in Russia (Johanson, 2011). These difficulties are caused by historical distrust in Russian society toward the government or government officials because “the data on religion, income, and profession have been used against people” (Carver, 2003). This problem was especially noticeable throughout the 1990s, but is now slowly vanishing as Russia progresses in its transition to a market economy.

Survey research has become a common feature in urban Russian society, where public opinion agencies have begun to develop information on every imaginable subject. Yet, many Russians, especially those in rural regions, remain skeptical of the ends to which survey research will be used. Additionally, their defensive attitude about the “chaos of post-communist transition” (Carver, 2003) prevents Western scholars from learning the true story. At this point, personal contacts are considered to be the most reliable way to obtain access to interviewees. As Hubbell (2003) states, “Cold calls to potential interviewees seldom result in an interview. A researcher has a significant advantage, if he is able to tell a potential interviewee that a person known by the potential interviewee referred her. A researcher’s host institution can be especially valuable in launching a researcher’s interview process. And then the web of contacts often grows from there”.

The current study was not an exception, and direct contact with a manager normally resulted in refusal. Obtaining direct contact information for key managers was virtually impossible. Websites for Russian and Ukrainian subsidiaries usually provide information for the call center only, which generally does not connect to the right person if the caller does not already know his or her name. If the call center representative understood that the request was to conduct interview, the researcher might be connected with someone in the public communications department. If the researcher does know the name or the direct number of a potential interviewee, the interviewee might still request that a list of questions and an official invitation to participate in research be sent to the General Manager (GM). After the GM’s approval, a manager might agree to answer the questions if he or she has the free time for it (which is usually not the case).

Therefore, developing trust in Russia or Ukraine is a critical prerequisite for field access. To determine the right contacts and build trust with a potential interviewee, the author turned to an “insider” (Carver, 2003)—an institution with close personal relationships with managers of multinational companies. After an initial call from the author’s insider, managers responded positively to requests to share their views and experiences.

The author did not want to risk losing those contacts by sending the survey without an in-person meeting. Attempts to conduct interviews by phone turned to be less efficient as well. Interviewees lost interest in the telephone interview within 20 minutes, which could not provide enough information. Another problem was that without visual

contact, it was difficult to interrupt and direct the interviewees. These difficulties prevented the researcher from achieving the appropriate probability sampling.

The interviewee's perceptions. It is known (Hubbell, 2003) that interviewees perceive interviewers subjectively what may influence their openness during the interview. As Williams (in Hubbell, 2003:340) mentioned: "...interviewees with different characteristics will tend to perceive respondents differently and will react to them in different ways. Thus varying types of social contexts will either facilitate or hamper communication and thus affect the information obtained and recorded by the interviewer".

The quotations above are applicable to high-context cultures such as Russia and Ukraine. To build a productive relationship, each interview started with the introduction of oneself and the research topic. This protocol allowed the interviewer to observe the reactions of the interviewee and to adjust the presentation to focus on those parts that seemed to be more interesting to the interviewee. This approach helped reduce the tension between the researcher and the manager, and helped draw the interviewee into a discussion of the topic.

The study identified two types of interviewees: those who were previously aware of the terms and methods mentioned during the interview, and others who could not recognize definitions either in Russian or English. This difference presumably results from the background of the managers and their levels of exposure to Western methods. The results of the preliminary study showed that more valuable and precise information came from managers who were in close contact with their headquarters and had experience working abroad or some level of Western education. The second type of manager tended to perceive the researcher as being of a different background and remained suspicious during the interview and could not (or was not willing to) provide the needed information. This observation is supported by Williams (1964), who said that communication directly effected by status characteristics, where similar status tends to reduce bias.

Linguistic perceptions. Different cultures might have different meanings for the same word. Linguistic perception is embedded in national institutions, and therefore language reproduces different understandings of particular notions based on the national context. In this case, using English as a global language does not always achieve the expected results, but might facilitate conversation among people with a similar Anglo-Saxon educational base.

In Russia, the preliminary study highlighted another issue associated with adopting an intercultural approach, which applies to qualitative and quantitative methods. The author encountered the challenge of finding equivalent terms for some words that had been literally translated but often did not have the same conceptual meaning. Many terms related to market economy characteristics are derived from Anglo-Saxon management theory, and therefore it made more sense to use those terms in the original language. As a result, managers who had a modern business education could more easily recognize these terms in English rather than in Russian, and the author's attempts to achieve clarity through the translation of questions into the native language of the respondents turned out to be inefficient.

Communication style and taboos. There are some differences in communication style across nations, mostly related to the extent to which people use context for orientation rather than the words themselves. In terms of Hall's (1976) gradation of cultures, Russian managers had a richer context of communication than is common in the West. High-context managers do not express their criticism to the same extent as low-context managers and therefore, the researcher has to make an effort to develop trust first and then to read between the lines to discover the true story.

Communication style can also be classified as implicit or explicit; implicit rules of communication differ across nations as well. An example of cultural diversity in implicit communication is a concern with taboos such as interrupting someone, formulating criticisms, and speaking about dysfunctions, financial figures or corruption. In Russia, bribery is foremost among the taboo topics in multinational companies, especially US-based ones. It is not a secret that in the Russian context, bribing is the easiest way for a business to gain access to valuable information or scarce resources. There are many scientific articles in Western journals dedicated to issues such as "blat" (Ledeneva, 1998). Blat alone does not mean a bribe; however, it is understood that blat might involve some elements of bribery. Therefore, bribery is considered even in the academic world to be important for a company's success in the Russian context. During interviews with managers responsible for transferring a code of conduct to Russian subsidiaries, it was obvious that they could not express their own ideas and they were responding with standard phrases from their corporate governance documents. Any attempts to find a comfort zone for discussion on this topic failed. Therefore, in addition to verbal responses, the author tried to focus on the deeper feelings and facial expressions of interviewees.

Financial figures of large companies that are openly available in US were impossible to obtain in Russia and interviewees ignored any questions about spending amounts (e.g., on employee training).

5.3. Mixed-Model Approach to Data Analysis

Different types of data were collected and analyzed according to the research design. In order to study the characteristics of Business System in Ukraine and Russia, secondary sources were reviewed and employed for analysis based on the Whitley (1999) theory. Such sources include books, academic peer-reviewed articles, reports of consulting companies and governmental data.

For Micro-level, which is comprised of Ukrainian and Russian subsidiaries of Western Multinational companies was mostly studied through interviews and survey. The primary qualitative data was obtained from multiple interviews, and secondary data was obtained from companies' managers, companies' websites or other available sources. The primary quantitative data was obtained from questionnaires including different types of questions.

According to Saunders et al. (2007), there are multiple choices of research methods that combine quantitative and qualitative techniques and procedures. Among these methods, mixed-model research was adopted to answer the research question given the aforementioned research limitations. As Saunders et al. (2007:146) explain:

“Mixed model research combines quantitative and qualitative data collection techniques and analysis procedures as well as combining quantitative and qualitative approaches at other phases of the research such as research question generation. This means that you may take quantitative data and qualify it, that is, convert it into narrative that can be analyzed qualitatively. Alternately you may quantify your qualitative data, converting it into numerical codes so that it can be analyzed statistically.”

This method helps to better evaluate the extent to which the research findings can be trusted; combining semi-structured interviews with a questionnaire enables triangulation of data. The mixed-model approach provided a strong background for composing the separate case studies on selected companies; the approach also enabled the comparative analysis of data across companies to find common features in the management practices of companies from the same home country. This comparative analysis of empirical findings was aligned with prior knowledge developed through

examination of the theory and literature. Last, differences in Russian and Ukrainian host-country effects are underlined in the mixed-model approach.

5.3.1. The qualitative data

Saunders (2007:470) states, “The qualitative data refers to all non-numeric data or data that have not been quantified. [...] It can range from a short list of responses to open-ended questions in an online questionnaire to more complex data such as transcripts of in-depth interviews or entire policy documents”. The interview guide (Appendix 1) was adopted from Waechter et al (2003) in order to follow the conceptual model of the same authors. The interview always started with questions related to the respondent and his/her background. The role of the HR manager and HR functions at the subsidiary were discussed in detail and additional questions about the relationship with HQ were asked, including questions about reporting and communication channels, expatriation and leadership. The next part of the interview was about HRM practices, with a focus on the extent of their transfer and reasons for weak integration of each diffused practice. The origin of each HRM practice was also clarified.

The interviews were conducted mostly in Russian (with three exceptions, two in English and one in Ukrainian) to provide respondents with a comfortable means of expressing their ideas. Except for telephone interviews, all of the interviews conducted in Ukraine were recorded on a Dictaphone, transcribed in the original language and translated into English. The structured interviews conducted in Russia were also recorded and transcribed directly into English in tabular form according to the questionnaire design. Data cleaning was applied to all of the transcripts, which were then sent to interviewees for approval. Qualitative data collected in Russia was analyzed in tabular form, wherein all interviews were combined in one Excel file to compare the answers. The first column of the document had analytical categories, and successive columns contained responses from the interviews. A comparison of respondents’ answers was possible in the horizontal axis. Color-coding was applied to highlight the differences in the origin of studied companies.

The transcripts in their original language from Ukraine were coded (Table 31) and analyzed using computer-aided data analysis software, NVivo10. The decision was made to use transcripts in their original language because translation did not achieve the high-context meaning of some of the managers’ statements. However, all quotations

used to illustrate certain points were excerpted from a translated version of the transcript.

Table 31. The codes for analysis with support of computer aided data analysis software NVivo10

N	Group	Codes
1	Work system	Employer-employee dependence
2		Worker-manager separation
3		Turnover
4		Retention
5		Delegation
6	Control mechanisms	Reporting to HQ
7		HQ influence
8		Structure
9		Communication with HQ
10		Conflicts with HQ
11		Role of HR manager
12		Culture
13		Expatriates
14		Leadership
15		Trade unions
16	HRM practices	Recruitment and Selection
17		Employer branding
18		Graduate recruitment
19		Training
20		Career development
21		Succession planning
22		Competencies
23		Mentoring
24		Talent development
25		Mobility
26		Compensation
27		Appraisal
28	Russia vs. Ukraine	Russia vs. Ukraine

5.3.2. The quantitative data

The questionnaire was designed primarily to test propositions 3, 5 and partly 1, while most of the questions were adopted from a study of Myloni, B., Harzing, A., and Mirza, H. (2007). It consist of two major parts, the first one includes all of the possible influencing factors, which are independent variables and the second one was focused on standardization of HRM practices representing depended variables (Appendix 3). The

first questions were focused on such contingency factors as size, age, type of the foundation and foreign ownership of the company testing the propositions 3a, 3b, 3c and 3d respectively. The next part contained questions about the HR manager education and foreign experience, which corresponds to proposition 3e. Then subsidiary's dependence on HQ's resources was measured based on 4 items, which are product, technology, purchasing, and sales and marketing, and corresponds to proposition 3f. The type of strategy and structure was defined by following 2 questions, corresponding to proposition 3j (Harzing, 1999). The next part of questionnaire had five closed-ended questions on work system characteristics adopted from Whitley (1999). This part is meant to measure the Employer-Employee interdependence for proposition 1. As for coordination mechanisms, formal and informal controls were incorporated into the questionnaire, following the work of Martinez and Jarillo (1989). Out of seven questions, the first four represent formal parent-company control, including centralized, formalized and output control and planning; the remaining three questions correspond to informal control socialization and networks (Myloni, B., Harzing, A., Mirza, H., 2007). This questions correspond to proposition 3g. The managerial control, which is the part of the Whitley's theory and corresponds to proposition 1, was included here as well. The final part of influencing factors was importance of HRM within the subsidiary and the role of HR manager, which were measured by three questions, corresponding to proposition 3h.

The part of dependent variables was adopted from Bjoerkman and Ehrnrooth (2000), and asked respondents to indicate on a five-point Likert scale whether their subsidiary's HRM practices were more similar to home-country practices or to host-country practices. This question was meant to play a central role in the research by measuring the extent to which Western MNCs transfer HRM practices to their Russian and Ukrainian subsidiaries. Apart from these questions, few other clarifying questions on HRM practices were asked. In order to test proposition 3i, the number of expatriates at the subsidiary was measured. For proposition 1d and 1e, performance management practices were questioned.

The figure 21 illustrates the hypothetical relationship between independent variables (in the middle) such as contingency factors and control mechanisms with dependent variables (on the sides), which are HRM practices and their extent of standardization. These hypotheses represent Proposition 3 and will be further called as propositions. The numbers of questions in questionnaire assigned accordingly to each

variable. As an example, the proposition 3b states that older subsidiaries are more likely to follow home country practices. The question number about the size of the company is 3 (Appendix 3) and the answer is a numerical scale. So this variable should be positively correlated with questions 32b, 39b, 44b, 46 b, 50b and so on, as it is listed in the left column, and negatively correlate with the right column. The next example, proposition 3a, which states that larger subsidiaries (with more employees) are more likely to follow home country practices. Similar, question 2 of the questionnaire (Appendix 3) represents variable of Age, which should positively correlate with the left column and negatively with the right column.

Figure 21. Hypotheses: internal factors influencing the HRM at subsidiaries of Western MNCs

Local HRM		Influencing factors (Independent variables)		HRM similar to HQ	
(Dependent variables)	Value of independent variables	N	Name	Value of independent variables	(Dependent variables)
	High ←	3	Age	→ Low	
	High ←	2	Size	→ Low	
	Brownfield ←	3	Foundation	→ Greenfield	
	Low ←	3	Ownership	→ High	
	High ←	4	Age of HR manager	→ Low	
	National ←	5	Education of HR manager	→ International	
	No ←	7	Foreign experience of HR manager	→ Yes	
	Low ←	8,9, 10,11	Dependence on HQ's resources	→ High	
32 b or c high 39 b or c high 44 b or c high 46 b or c high 50 b or c high 35 no 36 no 38 no 41 manager only 42 result 43 performance 45 position, results 48 individual	High ←	12	Multi-domestic Strategy	→ Low	32 a high 39 a high 44 a high 46 a high 50 a high 35 yes 36 yes 38 international 43 career development 42 process 41 all 48 HQ
	Low ←	13	Global Strategy	→ High	
	Low ←	14	Retention of employees	→ High	
	Low ←	15	Task fragmentation	→ High	
	Low ←	16	Employee's Discretion	→ High	
	High ←	17	Worker-manager Separation	→ Low	
	Low ←	18	Delegation	→ High	
	Low ←	19, 20, 21,22	Formal parent control	→ High	
	Low ←	23, 24, 25	Informal parent control	→ High	
	High ←	26	Managerial control	→ Low	
	No ←	27	HR on Board of Directors	→ Yes	
	Low ←	28, 29	HRM importance	→ High	
	Low ←	37	Expatriates	→ High	
	Strong ←	47, 53, 54, 55	Trade unions	→ Weak	

For the analysis purpose each question, representing a certain variable, was assigned to specific type of the data. The Nominal without order data, which is qualitative or categorical with two or more categories, corresponds to such variables as the Type of Foundation (Greenfield / Brownfield), Type of Strategy (Global / Multi-domestic / Transnational), Foreign Experience of HR manager (Yes / No), if HR Manager is on Board of Directors (Yes / No), Graduate Program (Yes / No), Internship (Yes / No), and Managerial Development Program (No / National / International). The Continuous Scale, which is quantitative or numerical, was applied to such variables as Size of the subsidiary, its Age and Foreign Ownership. The rest of the variables were measured on 5-item Ordinal Scale, with questions ordering observations from low to high.

In order to analyze the collected data, several technics and tests were applied in accordance with type of the data. First, descriptive statistics were used to analyze mean and median values as well as frequencies for concerning variables. Next the correlation analysis was performed in order to identify possible relationship between variables. Among independent variables were contingency factors, dependency on HQ's resources, control mechanisms, strategy and importance of HRM at subsidiary. Dependent variables were standardization of Recruitment and Selection, Training and Development, Performance Management, and Compensation and Benefits. Appendix 4 provides the list of the variables and their types. Due to the fact that correlation was performed mostly for ordinal data, the selection of statistical method was limited to Spearman and Kendall's Tau Correlations. Pearson r correlation was not appropriate at this point, as it measures the degree of the relationship between linear related variables, or based on the normal distribution, and requires large sample size. As an alternative, the nonparametric test provides general indications for rating scales to analyze data from variables that are themselves not normally distributed. Notwithstanding, it is argued that "for sample larger than 30, the shape of distribution is 'almost' perfectly normal" (Lewicki and Hill, 2006, p.13). As authors state it: "Spearman rank correlation test does not assume any assumptions about the distribution of the data and is the appropriate correlation analysis when the variables are measured on a scale that is at least ordinal. Ordinal scales rank order the items that are being measured to indicate if they possess more, less, or the same amount of the variable being measured. An ordinal scale allows us to determine if $X > Y$, $Y > X$, or if $X = Y$ " (Lewicki and Hill, 2006, p.

480). This statement is in line with formulated hypotheses illustrated in figure 21, which aim to measure the strength of certain effect (X) leads to standardization or transfer of HRM practices (Y). The level of correlation for proposed tests is defined by Jacob Cohen (1988) as being large if it is greater than 0.5, 0.3 is moderate, and 0.1 is small.

For analyzing the relationship between two categorical variables a chi-square test was applied. The results were presented through the Crosstabs dialog boxes, where each cell represents frequencies of observations that belong to specific categories on more than one variable.

The small sample size in Russia could not provide significant statistical results for the quantitative approach so it was transformed into narrative form and analyzed qualitatively, where the frequency of common answers was measured. The author pre-tested the questionnaire in a pilot study in Russia (Appendix 2) and made some minor adjustments, including reduction of the questionnaire, for the study in Ukraine (Appendix 3). The questionnaire was in English and Russian, although most of the managers preferred the English version to obtain approval from their managers.

5.3.3. Secondary data

A secondary research was employed for both macro and micro levels. On macro level it represented the main source of the data, while for the micro level it played a supporting role. Few companies provided additional information in the form of reports or internal documents related to their HRM policies. These documents played a significant role in writing the case studies. In addition to documents that managers provided, corporate financial reports and governance statements were obtained from official websites. Additional information on company profile, history and market presence was gathered from websites and various secondary sources.

VI. Analysis of Empirical Data

6.1. Explorative analysis of HRM practices and influencing factors in Russian subsidiaries

6.1.1. Internal barriers or facilitators of transfer of HRM practices to Russian subsidiaries

Due to incomplete data collection in 3 studied companies, the present analysis is based on 12 out of total 15 Russian subsidiaries of Western multinational companies headquartered in various countries. Contingency factors in these companies are heterogeneous, including founding date from 1969 up to 2010, a range of employees from 500 to 18,000, both Brownfields and Greenfields, and including various industries (both service and manufacturing). The ownership of studied companies was usually 100%, with the exceptions of the French (95%) and Swedish (75 %) companies.

According to prior knowledge and Proposition 3a, larger subsidiaries (with more employees) are more likely to follow home-country practices. In Table 54, six Russian subsidiaries could be differentiated based on their large size. More than 1,000 employees were employed at US D, US I, German O, French R, French D, French S, and Korea L companies. These subsidiaries might localize their HRM practices to a higher extent than smaller companies would.

The age of the subsidiary also affects standardization of HRM practices. As Proposition 3b states, older subsidiaries are more likely to follow home-country practices. There were only four newly founded companies in Russia: US M, German O, Sweden L, and Korea L.

Proposition 3c states that Greenfield companies would facilitate transfer of HRM practices from HQ, and there are three companies that were launched without a merger and acquisition: US Mi, Swiss N, Korea L.

Proposition 3d hypothesized that 100% ownership in most of the companies would facilitate transfer of HRM practices from HQ, and only two companies, French R and Sweden-Ru, had minor interference from host-country ownership.

Table 32 summarizes the contingency factors; the factors in bold should have the highest extent of localization based on the hypothetical assumptions.

Table 32. Contingency factors in Russian subsidiaries

N	Company	Founded	N of employees	Gr/Br	Ownership
1	US Mi	1994	700	Gr	100
2	US D	1994	1700	Br	100
3	US I	1999	8800	Br	100
4	US M	2010	900	Br	100
5	German O	2006	1800	Br	100
6	French R	1998	4000	Br	94
7	French D	1996	18000	Br	100
8	French S	1993	7000	Br	100
9	Swiss N	1969	800	Gr	100
10	Sweden S	2005	500	Br	100
11	Korea L	2006	1800	Gr	100
12	Sweden-Ru	1989	800	Br	75

Coordination mechanisms. In most cases, US companies had their regional headquarters in Europe; Russian subsidiaries reported to the European HQ, although when Russian business represented one of the major units for the global corporation, the subsidiary reported directly to US headquarters.

As for each subsidiary's dependence on HQ's financial resources, subsidiaries of US companies were reported to be more controlled and more dependent, whereas European companies allowed subsidiaries relative autonomy. The same differences was observed for personnel dependence, in that US companies had more centralized planning and control, whereas European companies allowed the subsidiaries more freedom and HQ appointed executive positions only. Consequently, US companies tended to use more global strategy with some local adaptations, whereas European companies mostly used a strategy adaptable to the domestic context. As Proposition 3j states, in companies with a global strategy and structure, HRM policies and practices will be more standardized, in contrast to companies with multi-domestic strategies and structure.

The direction of communication in all of the cases was primarily top-down, with some upward initiatives. Top-down channels were mostly formal, serving to communicate general strategy and policies. Upward communication was also formal, conducted through employee surveys. A couple of companies noted the use of informal upward communication in the form of online platforms and web communication tools (e.g., emails or e-conferences). Horizontal communication was not observed in most companies, although it was important at manufacturing companies where there was frequent expertise exchange between HQ and the subsidiary.

HQ's control of the subsidiary's HRM department mostly occurred through the GM of the subsidiary. The exceptions were in one American company where the HR Director reported directly to HQ and in one French company where there was a double reporting line to the local GM and to HQ. Independently of their countries of origin, the companies utilized both written reports and direct observation as forms of control.

American companies executed stronger formal and informal control over their subsidiaries, providing them with written policies, rules and regulations, detailed planning, regular managers' trainings and informal communication channels. In contrast, the French companies demonstrated a higher degree of autonomy, with considerable freedom in following HQ's recommended guidelines, except for the production sites, which had strict rules and regulations with high control from the French HQ. German companies had a level of control similar to the French companies', but with more detailed planning.

Managerial control within the subsidiary was higher in American companies versus French and German ones. The French companies aimed for subsidiaries to work independently. Control mechanisms such as integrated information systems were difficult to use in most of the studied companies because of the foreign language knowledge requirement. Two American companies claimed that they are integrated into the corporate information system, whereas others expressed the desire to be connected or to use a parallel system in the local language.

Practices such as productivity comparison between subsidiaries, formulated corporate culture and international transfer of best practices were common for every studied company. However, international standards were not applied in the German and Swedish companies, as they argued that different markets have different goals. According to Proposition 12, lower control reproduces lower standardization of HRM practices.

Expatriates had the role of controlling authorities, holding the top executive positions (CEO, CFO) in all studied companies. Because expatriates' salaries are covered in the subsidiary's budget, there are fewer of them, with the exception of companies in which expertise transfer is vital for business success. For these companies, independent of origin or industry, the number of expatriates equaled 15% of the total headcount. Proposition 8 states that HRM practices will be more standardized in subsidiaries with a higher number of expatriates

Every subsidiary of these multinational companies considered HRM important. The HR director was usually on the board of directors and had decision-making authority on matters other than HR strategy, indicating a strong home-country effect (Proposition 3h), whereas in Russian companies the HR department was much less empowered. Only two of the Russian subsidiaries had trade unions, and had a very weak influence on HRM processes.

Table 33 summarizes the coordination mechanisms described above; the factors in bold are the ones that would have the highest extent of localization.

Table 33. Coordination mechanisms at Russian subsidiaries

N	Russian subsidiary	Coordination mechanisms						
		Strategy	Structure	Control	Expatriates	Role of HR	Trade unions	HQ dependence
1	US Mi	Transnational	Matrix	Strict, F/I	1%, top	High	No	Strong
2	US D	Global	Product	Strict, F/I	15%, top	Some	No	Strong
3	US I	Transnational	Matrix	Strict, F/I	1%, top	High	Weak	Strong
4	US M	Transnational	Matrix	Strict, F	1%, top	High	No	Strong
5	German O	Multi-domestic	Geographic	Some, F/I	1%, experts	High	No	Weak
6	French R	Global	Product	Some, F	15%, top	High	No	Some
7	French D	Multi-domestic	Geographic	Low	0.3%, top	High	Weak	Weak
8	French S	Transnational	Matrix	Some	-			Some
9	Swiss N	Transnational	Matrix	Strict, F/I	1%, top	High		Some
10	Sweden S	Multi-domestic	Geographic	Low	1%, top	High		Some
11	Korea L	Global	Product	Strict, F/I	5%, both	Some	No	Strong
12	Sweden-Ru	Global	Product	Low	0%	Some	No	Weak

Work system. Whitley (1999) described the work system as an important influencing factor on HRM practices that is shaped by local institutions. The local Russian work system was described and formulated in Proposition 1. In Russian subsidiaries of Western MNCs, where HQs do not diffuse standardized HRM practices and do not execute strict control, the work system would resemble that of domestic firms and include low task-fragmentation, high managerial-control of work organization, high worker-manager separation, low employer commitment, and low employee involvement.

US companies were more successful at retaining key employees, but every company described using various retention programs. Task fragmentation was also higher in US companies, with an algorithm of actions even for sales positions. European manufacturing companies had high task fragmentation only for technical positions. For service industries, blue collar workers' involvement in problem diagnosis and solving was considerably high in most of the companies, with two exceptions at manufacturing plants of US and French companies.

The degree of separation between managers and workers (or lower ranking employees for service industries) was higher in French companies and lower in US ones. The difference in vacation duration underscores the degree of separation. French companies provided extra vacation days for managers, as did one US company, whereas a German company had the exact same length of vacations for managers and workers.

None of the companies had the same work system as Russian domestic firms did, although certain elements of the work system were found in each company. Table 34 summarizes the work systems in studied companies.

Table 34. Work system at Russian subsidiaries

N	Russian subsidiary	Work system				
		Commitment	Fragmentation	Involvement	Separation	Delegation
1	US Mi	High	Some	High	Low	High
2	US D	High	Some	High		High
3	US I	High	High	Low	Some	Some
4	US M	Some	Some	Some	Some	Some
5	German O	High	Some	High	Some	High
6	French R	Some	Low	High	High	Some
7	French D					
8	French S	High	Some	High	High	High
9	Swiss N					
10	Sweden S	High		Some	Low	Some
11	Korea L	High	Some	High	High	Some
12	Sweden-Ru	High	High	Some	Some	High

Extent of standardization of HRM practices at Russian subsidiaries. Internal factors might facilitate or constrain the process of transferring HRM practices from Western HQs to Russian subsidiaries. Table 35 shows the extent of standardization of HRM practices. Three companies have a significantly low level of standardization:

German O, Sweden S, and Sweden-Ru. Tables 32 and 33 indicate that such localization could be explained by subsidiaries' weak dependence on HQ's resources and the absence or small number of expatriates, who usually require a standard approach to their employment across the globe. A low level of control through formal and informal procedures could also contribute to the autonomy of Russian subsidiaries in these companies. These findings confirm Propositions 3i and 3g.

In contrast, US Mi, US I, and US M show a high level of standardization of HRM practices at their Russian subsidiaries. All of these companies are of US origin, and have an ethnocentric approach.

In French companies (e.g., French R and French S), the work system is very similar to the Russian one, and therefore the extent of standardization is not so visible even in a global company such as French R, where expatriates represent a significant percentage of employees (15%). The localization in both French companies could also be explained by weak dependence on HQ's resources and weak control over HRM functions within the subsidiary.

The Korean company has some similarities with Russian work system features, but because of the company's global strategy, strict control, and strong dependence on HQ's resources, HRM practices are fairly standardized.

Table 35. Standardization of HRM practices at Russian subsidiaries

N	Company	Standardization			
		R&S	T&D	C&B	PA
1	US Mi	Some	High	High	High
2	US D	High	Some	Some	High
3	US I	High	High	High	High
4	US M	Some	High	High	High
5	German O	Low	Low	Low	Low
6	French R	Low	Some	Some	Low
7	French D	Some	Some	High	High
8	French S	Some	Some	Some	Some
9	Swiss N	High	High	High	High
10	Sweden S	Low	Low	Low	High
11	Korea L	Some	Some	Some	High
12	Sweden-Ru	Low	Low	Low	Low

6.1.2. Localized HRM practices at Russian subsidiaries and national context effects

Proposition 1 describes the local HRM practices that were observed in studied companies, including selection of experienced employees, direct supervision, individual negotiation for compensation, weak investment in employees' development, personal evaluation of performance, high reward differentials, profit sharing rewards, and appraisal for results or financial output. Table 36 presents localized HRM practices and possible influencing factors for each company.

Table 36. Localized HRM practices at Russian subsidiaries and influencing factors

N	Russian subsidiary	Localized HRM practices	National context effects
1	US Mi	Selection criteria is experience Translation of training courses Extensive training Extra employee in HR department to manage work books	Weak central training system Language barriers Unwillingness to invest in employees State bureaucracy
2	US D	Recruitment through personal contacts Personal connections for top managers Extensive training Fixed salary for employees Appraisal focused on results Individual negotiation of compensation	Weak information flow on the labor market Underdeveloped market Weak central training system Unstable environment No trade unions
3	US I	Fixed salary for employees Appraisal focused on results Group benefits Profit sharing	Uncertainty avoidance Unstable environment Low individualism
4	US M	Recruitment through personal contacts Language courses Extensive training	Weak information flow on the labor market Language barriers Weak central training system Weak central training system
5	German O	Recruitment through personal contacts Extensive training Mentoring Appraisal by supervisor only Appraisal of results and for performance improvement Compensation tied to result Individual negotiation of compensation	Weak information flow on the labor market Lack of formal procedures Trust and authority relationships are highly personal No trade unions Unstable environment Weak central training system
6	French R	Recruitment through personal contacts Extensive training Language courses Individual negotiation of compensation High reward differential Penalties	Weak information flow on the labor market Weak central training system Weak trade unions Language barriers
7	French D	High reward differential	Weak trade unions
8	French S	Extensive training Appraisal of results	Weak central training system Unstable environment
9	Swiss N	Language courses Extensive training Retention budget	Language barriers Weak central training system, development of skills employees lack Highly fluid labor market

10	Sweden S	Recruitment through personal contacts Extensive training Appraisal by supervisor only Rewards tied to results	Weak information flow on the labor market Weak central training system Trust and authority relation are highly personal Unstable environment
11	Korea L	Recruitment through personal contacts Extensive training	Weak information flow on the labor market Weak central training system
12	Sweden-Ru	Recruitment through personal contacts Appraisal by supervisor only Appraisal of results and for performance improvement	Weak information flow on the labor market Trust and authority relationships are highly personal Unstable environment

In most of the Russian subsidiaries, the local approach to HRM practices was observed in recruitment through personal contacts, extensive training for employees, and language courses. Recruitment through personal contacts was conditioned by national context effects such as weak information flow on the labor market and less trust within personal networks. Extensive training for employees is needed to address the weak central training system and the older generation's lack of market-oriented knowledge. Language courses represent another national context effect, because of the language barrier in MNCs.

In companies with a lower level of standardization, local characteristics emerge such as appraisal by supervisor only, appraisal for performance improvement, rewards tied to results, high differentials in rewards, and individual negotiation for compensation. These practices could be explained by national context effects such as weak trade unions, lack of trust, formal procedures and an unstable environment.

6.1.3. Disintegrated HRM practices at Russian subsidiaries and national context effects

The Western HRM practices that were difficult to implement in Russian subsidiaries could be identified as disintegrated, meaning that the Western HQ diffused them, but the practices were not fully integrated into work processes because of certain national context effects. This question is the main interest of the research, because national context effects were best observed in this context.

Table 37 presents disintegrated HRM practices and possible influencing factors for each company.

Table 37. Disintegrated Western HRM practices at Russian subsidiaries

N	Russian subsidiary	Disintegrated HRM practices	National context effects
1	US Mi	High number of interviews for selection Diversity policies Firing Advanced bonuses	Short-oriented culture Mutual separation agreement Homogeneous labor market Women prefer family to career Practice of bonuses deduction in case of failure
2	US D	Rigid compensation system International development programs Training programs	Constantly changing environment Lack of mobility Language barrier
3	US I	Recruitment through corporate website Training programs	Language barrier Weak information flow on labor market
4	US M	Recruitment through corporate web site Graduate recruitment Training programs Rigid grading system Share-based compensation plans for workers	Underdeveloped links with universities Language barriers High turnover, No trade unions Weak capital market Low trust in financial institutions
5	German O	Corporate culture Integrated information system Graduates recruitment Development programs Training programs Flexible working time Semiannual premiums	Language barrier Underdeveloped links with universities Unwillingness to invest in employees
6	French R	Culture Training program	Language barrier Market specifics
7	French D	Graduate recruitment Compensation and benefits policies Flexible working time	Unwillingness to invest in development of employees Market trends Fluid labor market
8	French S	Training programs Compensation and benefits policies	Language barrier Market trends Fluid labor market
9	Swiss N	Integrated information system Compliance Health care programs for employees Global exchange of best practices Sales training programs Corporate university management training Informal communication	Language barrier Result oriented Unwillingness to invest in employees' well being National specifics: it is easier to develop something new, than to adapt existing practice Resistance from older generation Cultural specifics of sales techniques
10	Sweden S	Informal communication	Language barrier
11	Korea L	All practices needed translation	Language barrier
12	Sweden-Ru	Corporate culture	Language barrier

As Table 37 illustrates, the training program is the consistently disintegrated practice for all Russia subsidiaries. The main barrier to its integration is the lack of English language knowledge. At multinational companies, standardized training programs are usually designed in English, which is the corporate language, but at Russian subsidiaries most of the employees are of the older generation, creating a

significant language barrier. The generation that grew up in the Soviet Union did not study foreign languages and a good command of English is rare even among the younger generation.

The language barrier also constrained the transfer of global practices such as corporate culture, integrated information systems, recruitment through the corporate website, and development programs. In some cases these practices were translated, in others just rejected.

Compensation and benefits policies were difficult to implement at French subsidiaries, where high reward differentials between blue- and white-collar employees could not retain workers. The same issue was observed in US and German companies, where a rigid compensation system could not satisfy employees in a constantly changing environment with a high inflation rate and a high demand for employees with experience at multinational companies. The absence or weakness of trade unions at Russian subsidiaries does not support the adjustment of this practice.

Graduate recruitment requires companies to make additional efforts in educating universities and students about the recruitment process. Russian subsidiaries that spent extra time and effort on recruiting students were successful in implementing this global practice. Some companies struggle with graduate recruitment for several reasons. First, Russian universities are not organized enough to support this practice without significant contribution from a firm, because most local firms do not recruit inexperienced students. Second, some of the Russian subsidiaries of Western MNCs are not willing to invest in employees' development, similar to the domestic firms.

In most of the studied US companies, the process of recruitment was highly standardized, although significant adjustment was needed. Common practices for US companies such as numerous interviews with a candidate had to be adapted to the shorter timelines of job-seeking Russians. Russian candidates are not willing to proceed through a long recruitment process, preferring companies that quickly provide an offer.

Firing methods common for US firms are also unacceptable in Russia. Despite weak institutions in Russia, the Russian subsidiaries need a mutual agreement with an employee who does not fulfill the company's requirements. The US-specific performance appraisal system, in which underperformers must leave the company, does not comply with Russian labor laws and complicates the firing process.

Bonuses paid in advance, common in US, cannot be withheld from an employee after payment, according to Russian labor law. Therefore, practices common for Russia

such as penalties or bonus reductions cannot be executed once the bonus is paid, contrary to the US regulations.

Share-based compensation for workers is acceptable in the US but difficult to implement in Russia, where the population has little trust in financial institutions and capital markets are underdeveloped.

Russian labor law permits flexible work hours, but it is still not popular among Russian firms, in contrast to Western ones. As a result, in Russian subsidiaries where HQ enforces standardization of HRM practices, flexible working hours have been implemented, however, in other subsidiaries it takes additional effort to implement HR managers resist it.

Compliance is one of the cornerstones of each multinational company, and employees are expected adhere to compliance to the highest extent, but pharmaceutical companies in Russia resist compliance. Pharmaceutical representatives, who are used to competing by bribing doctors, experience difficulties in selling company products without bribery. In addition, compliance contradicts the results-oriented Russian culture, which assumes that the process to achieve a result is not important.

Standardized training programs for sales techniques do not fit with Russian culture. The approach to clients in Russia is completely different from the Western approach; therefore, sales trainings are designed and provided locally.

6.1.4. Standardized HRM practices at Russian subsidiaries and national context effects

Table 38 presents standardized HRM practices at Russian subsidiaries, illustrating that standardized and innovative HRM practices predominate. This could be explained by weak institutions in Russia, which do not resist the transfer of such practices. The results presented in Table 38 also confirms the Proposition 4.

As Proposition 4 states: Weak institutions in Russia and Ukraine would facilitate the transfer of following standardized HRM practices to Ukrainian and Russian subsidiaries of Western MNCs: competency-based selection, extensive training and development programs, formal performance appraisal systems, structured compensation systems and nonmonetary benefits, and strong corporate culture. All of these practices were found at each Russian subsidiary.

Table 38. Standardized HRM practices and influencing factors

N	Russian subsidiary	Standardized HRM practices	Influencing factors
1	US Mi	Corporate website for recruitment Corporate referral program Nondiscriminatory questions during interview Graduate recruitment Outsourced recruitment Assessments during selection International management pool Training programs for managers e-learning Development programs (HiPo) Performance appraisal Competency-based practices Compensation and benefits policies Nonmonetary benefits Corporate culture and values Integrated information system Compliance policies, code of conduct Flexible working hours	Weak host-country effects Home-country effects
2	US D	Corporate website for recruitment Corporate referral program Nondiscriminatory questions during interview Graduate recruitment Outsourced recruitment Assessments during selection International management pool Training programs for managers e-learning Development programs (HiPo) Performance appraisal Competency-based practices Compensation and benefits policies Nonmonetary benefits Corporate culture and values Integrated information system Compliance policies, code of conduct Flexible working hours	Weak host-country effects Home-country effects
3	US I	Corporate web site for recruitment Corporate referral program Nondiscriminatory questions during interview Graduate recruitment Outsourced recruitment Assessments during selection International management pool Training programs for managers e-learning Development programs (HiPo) Performance appraisal Competency-based practices Compensation and benefits policies Nonmonetary benefits Corporate culture and values Integrated information system Compliance policies, code of conduct Flexible working hours	Weak host-country effects Home-country effects

4	US M	<p>Corporate website for recruitment</p> <p>Corporate referral program</p> <p>Nondiscriminatory questions during interview</p> <p>Assessments during selection</p> <p>International Management pool</p> <p>Training programs for managers</p> <p>e-learning</p> <p>Development programs (HiPo)</p> <p>Performance appraisal</p> <p>Competency based practices</p> <p>Compensation and benefits policies</p> <p>Nonmonetary benefits</p> <p>Corporate culture and values</p> <p>Compliance policies, code of conduct</p>	<p>Weak host-country effects</p> <p>Home-country effects</p>
5	German O	<p>Recruitment of CEO and expatriates at HQ</p> <p>Assessment for CEO</p> <p>International development program for CEO</p> <p>Management training for CEO and expatriates</p> <p>Competency-based assessment</p> <p>Compensation and benefits structure</p> <p>Compensation and benefits for expatriates</p>	<p>Weak host-country effects</p> <p>Strong home-country effects for CEO and expatriates</p> <p>Some HQ influence on compensation and benefits</p> <p>Dominance effects for appraisal—innovations</p>
6	French R	<p>Competency-based practices</p> <p>Technical training programs</p> <p>e-learning</p> <p>Performance appraisal</p> <p>Principles of social package and bonuses</p> <p>Flexible working time for managers</p> <p>Corporate culture</p> <p>Development program</p> <p>International mobility</p>	<p>Weak host-country effects</p> <p>Home-country effects for production</p> <p>Dominance effects—innovations</p>
7	French D	<p>Integrated information system</p> <p>Recruitment of top managers</p> <p>Competency-based practices</p> <p>International mobility</p> <p>Management training</p> <p>Compensation and benefits structure</p>	<p>Weak host-country effects</p> <p>Home country-effects for top management and compensation and benefits</p>
8	French S	<p>Corporate website for recruitment</p> <p>Management training</p> <p>Induction training</p> <p>Talent pool</p> <p>Competency-based practices</p> <p>International mobility</p> <p>Development program</p> <p>Performance appraisal</p>	<p>Weak host-country effects</p> <p>Home-country effects</p> <p>Dominance effects—innovations</p>
9	Swiss N	<p>Corporate website for recruitment</p> <p>Graduate recruitment</p> <p>Assessments during selection</p> <p>Management pool</p> <p>Training programs for managers</p> <p>Development programs</p> <p>Performance appraisal</p> <p>Competency-based practices</p> <p>Compensation and benefits policies</p> <p>Corporate culture and values</p> <p>Integrated information system</p> <p>Compliance policies, code of conduct</p>	<p>Weak host-country effects</p> <p>Home-country effects</p> <p>Dominance effects transferred</p> <p>Pressures for international integration</p> <p>Focus on effectiveness and efficiency due to large size and maturity</p> <p>Universal understanding of leadership</p>

10	Sweden S	Corporate website for recruitment Graduate recruitment Performance appraisal	Weak host-country effects Home-country effects Dominance effects—innovations
11	Korea L	Corporate website for recruitment Assessments during selection Graduate recruitment Competency-based practices Compliance policies, code of conduct	Weak host-country effects Home-country effects
12	Sweden-Ru	Corporate culture	Weak host-country effects Home-country effect for corporate culture Dominance effects—innovations

6.1.5. Summary

The empirical research supports most of the propositions (Table 39). In each company, a certain effect prevailed, but it is possible to generalize the findings. The weakness of institutions both facilitated the transfer of standardized practices and inhibited them. For example, Russian features such as low knowledge of business studies and foreign languages forced Russian subsidiaries of multinational companies to provide additional training programs to compensate for these deficiencies.

Table 39. Empirical validation of propositions in Russia

N	Propositions		Russian companies											
	Barriers or Facilitators to transfer	HRM practices	1	2	3	4	5	6	7	8	9	10	11	12
1a	Weak bridge between education and business	Recruitment through personal connections and unwillingness to provide training to students or recent graduates, looking for experienced employees only		+		+	+	+	+			+	+	+
1b	Undeveloped vocational training in business and gaps in Soviet public education	Deficiency in knowledge of business studies and foreign languages requires extensive training in these areas	+	+		+	+	+		+	+	+	+	
1c	The credit-based finance system	Low employer-employee interdependence, high employee turnover, unwillingness to invest in personnel development											+	+
1d	Low-trust environment	Low employees involvement in decision making; appraising them for results and with the goal of performance improvement		+	+		+			+		+		+
1e	Low trust and lack of formal procedures	Low delegation of responsibilities and direct supervision by manager			+	+	+	+				+	+	+
1f	Weak trade unions and decentralized bargaining	Individual negotiation for compensation, high wage differentials		+			+	+	+					

1g	The credit-based finance system	Profit sharing, Rewards are tied to employee's position instead of skills or potential			+		+						+		+
2	Russian culture	Fixed salaries, Group benefits, Follow the orders	+	+	+	+	+	+	+	+	+	+	+	+	+
3a	Bigger number of employees	Home country practices			+				+					+	
3b	Older subsidiaries	Standardized practices	+		+				+		+			+	
3c	Greenfield	Standardized practices	+								+				
3d	Higher foreign ownership	Standardized practices	+		+	+			+		+				
3e	An international background of HR manager	Standardized practices													
3f	A stronger subsidiary dependence on HQ's resources	Standardized practices													
3g	Lower control	Home country practices	+	+	+	+					+	+	+	+	+
3h	Empowered HR function	Standardized practices	+	+	+	+			+		+			+	
3i	High number of expatriates	Standardized practices		+										+	+
3j	Global strategy and structure	Standardized practices		+										+	
4	Weak institutions	Competency based selection, extensive training and development programs, formal performance appraisal system, structured compensation system and nonmonetary benefits, and strong corporate culture.	+	+	+	+		+		+	+				
5	Similar features between work systems in US and France, and Russia and Ukraine	Home country practices						+							

6.2. Explorative analysis of HRM practices and influencing factors in Ukrainian subsidiaries

The explorative analysis of HRM practices at Ukrainian subsidiaries was performed in two phases. During the first phase each interview was analyzed separately, looking at the different association between internal and external factors with HRM practices at each company. Selection of case studies written as a result of such analysis is provided in Appendix 4. During the second phase, all interviews were analyzed across each HRM practice, generating common for Ukrainian context conclusions. In this chapter the qualitative analysis will be structured as follow: internal

factors that have a impact on transfer of HRM practices, then local, disintegrated, and standardized HRM practices.

6.2.1. Internal barriers or facilitators of transfer of HRM practices to Ukrainian subsidiaries

This qualitative analysis is focused only on 16 Ukrainian subsidiaries of Western MNCs of various origins, because the rest of the companies did not fully comply with the sample requirements or had insufficient data, and therefore were not included here. The contingency factors in these companies were heterogeneous, including founding date from 1969 up to 2010, a range of employees from 500 to 18,000, both Brownfields and Greenfields, and including various industries (both service and manufacturing). The ownership of studied companies was usually 100%, with the exceptions of the French (95%) and Swedish (75 %) companies.

Table 40 summarizes the contingency factors, where in bold highlighted the characteristics of subsidiaries with presumably highest extent of localization in accordance with proposition 3.

Table 40. Contingency factors in Ukrainian subsidiaries

N	Company	Founded	N of employees	Gr/Br	Ownership
1	US P	2005	200	Brownfield	100%
2	US M	1997	300	Brownfield	100%
3	US I	2007	100	Greenfield	100%
4	US Mi	2003	125	Greenfield	100%
5	US C	1995	800	Brownfield	100%
6	US B	1998	1000	Brownfield	100%
7	US D	1991	300	Greenfield	100%
8	US E	1991	505	Greenfield	100%
9	French Al	2001	105	Greenfield	100%
10	French A	2007	1000	Brownfield	100%
11	French S	2006	570	Brownfield	100%
12	German H	1998	998	Brownfield	100%
13	German M	2002	7200	Greenfield	100%
14	German R	1997	120	Greenfield	100%
15	German S	2006	280	Brownfield	100%
16	Swiss N	1996	4500	Brownfield	100%

As Table 40 shows, six Ukrainian subsidiaries were significantly larger: more than 1000 employees were employed at German M and Swiss N, and between 800 and 1000 employees were employed at US C, US B, French A and German H. These subsidiaries might localize their HRM practices to a higher extent than smaller subsidiaries (proposition 3a).

The age of the subsidiary was not confirmed to affect standardization of HRM practices, as Proposition 3b was rejected. Notwithstanding, older subsidiaries are more likely to follow home country practices and therefore are marked as well. There were eight older companies in Ukraine: US M, US C, US B, US D, US E, German H, German R, and Swiss N. Type of foundation does not affect standardization of HRM practices, as Proposition 3c was rejected; however, nine companies that were launched as a Brownfield were also highlighted.

Coordination mechanisms. Most of the qualitatively studied companies employed a transnational strategy in which the subsidiary had to adapt globally standardized practices to local conditions. The multi-domestic strategy was observed in one French company and in a German company. A table 41 represents various coordination mechanism at Ukrainian subsidiaries, which will be discussed further. Similar to the previous table 41, in bold highlighted the characteristics of subsidiaries with presumably highest extent of localization in accordance with proposition 3.

Table 41. Coordination mechanisms at Ukrainian subsidiaries

N	Ukrainian subsidiary	Coordination mechanisms						
		Strategy	Structure	Control	Expatriates	Role of HR	Trade unions	HQ dependence
1	US P	Transnational	Matrix	Some F	0.6%	High	No	Some
2	US M	Transnational	Matrix	Strict F/I	5%	High	No	High
3	US I	Transnational	Matrix	Strict F/I	3%	High	No	High
4	US Mi	Transnational	Matrix	Strict F/I	4%	High	No	High
5	US C	Transnational	Matrix	Strict F/I	0.1%	High	No	High
6	US B	Transnational	Matrix	Strict F/I	1%	High	No	Some
7	US D	Transnational	Matrix	Strict F/I	-	High	No	-
8	US E	Transnational	Matrix	Strict F/I	2%	Some	No	-
9	French AI	Transnational	Matrix	Strict F/I	1%	High	No	High
10	French A	Transnational	Matrix	Some F	0.02%	High	Weak	Weak
11	French S	Multi-domestic	Geographic	Some F	0%	Some	Weak	Weak
12	German H	Transnational	Matrix	Strict F/I	3%	High	Weak	High
13	German M	Transnational	Matrix	Strict F/I	0.002%	High	Weak	High
14	German R	Transnational	Matrix	Some F	0%	Some	No	High
15	German S	Multi-domestic	Geographic	Some F	1%	High	No	High
16	Swiss N	Transnational	Matrix	Strict F/I	10	High	Weak	High

Practices were globally standardized to varying degrees in each company; however, a common characteristic for all Western companies was that they strictly followed the local laws and regulations, in contrast to domestic companies. A pattern in studied US companies was that regional headquarters, which are usually located in Europe, developed policies and practices with the help of their HR business partners and excellence centers. Those policies and practices were then transferred to regional subsidiaries. The process of developing the HRM strategy and practices involved expert opinions from respective countries to adjust policies to local conditions. The HR manager of a US company's subsidiary is responsible only for implementing transferred policies. Therefore, despite the high level of standardization in US companies, there is some regional diversity regarding local laws. The local context of any subsidiary cannot influence compliance practices, as US companies have to follow their domestic regulations even while operating abroad.

As the HR manager from US P company indicated, *“American companies are usually too regulated, they have a lot of operational procedures, rules, policies concerning staff, compliance. In fact the system is bureaucratic.”*

As the US C HR manager stated,

“The American culture is in regard to respect of laws, human rights and etc. One of control elements in our company is called the ‘guiding principles’. It is one good code of conducts. Americans like everything to be prescribed. Roughly speaking, not to pay grafts in the country. Such things are not controlled, but if there are some violations, they are handled very strictly. For example, we have the policy of zero tolerance regarding access to websites at working time.”

Control in US companies is usually a system in which policies are stated in a detailed manner. Controlling management has more the role of a supporter or advisor than a Cerberus. Power in US companies is considered to be more of a responsibility than an opportunity.

As the HR manager of US Mi stated:

“As for control, the system controls, and people trust what you do, according to this. But if you don’t do, then show a plan of what you will do, and we are ready to help. What I see here is probably an element of democracy. These visits, starting with CEO. He doesn’t come to check. Of course, he is smart enough to see what is going on and to make relevant conclusions, if necessary. But he comes to help.”

For French companies, the Ukrainian subsidiaries that were least dependent on their HQs followed a multi-domestic strategy and therefore had more freedom in selection of HRM practices. Some French companies that had merger and acquisitions approach (with the matrix structure, contrary to the typical hierarchical French structure) acknowledged that duplication is not efficient and that common standards are needed. The result was a shift toward global strategy, according to the HR manager at French A:

“Our mission is to ensure that we are trying to reach greater centralization, greater exchange between countries, because in fact we save on the absence of duplication, and the idea is that for that purpose we need certain uniform

standards, uniform language. That's why if earlier we told that all was decentralized, now we say that there is no way to deal with it."

The control mechanisms in French companies are more personal than in their US counterparts. Every French company uses Scorecard to account for profit, revenues and quality of provided services, and the companies hold regular, personal meetings with top management to monitor qualitative achievements, according to the HR manager at French A:

"Here at least once a quarter we have the so-called quarterly review, when a management committee of the region comes. It is always a management committee. We do not have one person, we always have the board, so we are managed by the board. So, they come to, rather, control the quality indicators, because we have clear KPIs identified, nevertheless there are some quality goals that we need to do."

The level of formal control in German companies was the lowest among studied companies. Reporting is more personal, according to the HR manager of German R:

"In general, the head office does not control us. According to our org chart, everybody has two bosses: one direct boss, the one who is at their office, and one for performance evaluations and adjustments to salaries and other aspects. This can be your boss's boss or a functional boss. That is, there are always two people who make all serious decisions involving a given employee. And they have to agree over every such decision. My first-level boss is here, the general manager, while the second one is the regional HR manager, who's in Austria. As a result, I get assignments from here and from there. By and large there is a special form where annual goals are set and they are discussed as part of the annual review. Would you call that reporting? Probably not. This is something the local boss does directly with the employee: they agree to goals, they write them up, and then they evaluate performance. Reviews can be annual or semiannual. Personally, I talk to my staff more frequently. We look at how we are doing with our objectives, we add something here, we remove something there, the year ends and once again we have something to talk about, to set goals for the following year. Formally, these meetings are supposed to take place once a year. We're not obligated to meet any more often. But normally

things are revised and some targets can float. Whatever the case, the manager is communication with the employee.”

The HR Manager of German M confirmed:

“I will be honest, even though we complain that we are bureaucratic company I saw the companies that are more bureaucratic. We have a lot of things we resolve verbally, by e-mail, quickly ... We have the founding documents we are looking at in terms of authority of the board of directors, etc. Our directors of trade centers act based on a warrant that we give them on behalf of our leaders and founders for them to manage the trade center. Because the trade center is like a ship in the sea where the captain takes decisions to marry, divorce, etc. The director of trade center is responsible for the management of business activity of the trade center ... Every two weeks we have the meeting of the board of directors, on which we make decisions on managing of operational issues of the country. They are recorded in the minutes that are translated into solutions that everyone delegates for implementation or communication.”

The results indicate the pattern of higher formal and informal control in US companies. French and German companies reported lower formal control and higher informal control.

Trade unions. Local context strongly influences trade unions in Ukraine. Of all studied companies, only four cooperated with trade unions, two German companies and two French companies. HR managers in Ukraine have more freedom in implementing various practices and changes due to weak labor regulation in the country.

One German company is exceptional for having seven trade unions. As the HR manager of German M explained:

“It all started when in our company entered several Ukrainian trade unions through our employees. Later, those employees who initiated the trade unions left the company and became the external chairmen of trade union. These trade unions arrived to us from outside. Gradually, the employees who worked for many years with us decided to create another better trade union as an opposition for existing ones. We have also several trade unions, which I would call “family unions” on the level of the trade centers. It is a group of people that join together—they are small, such a small family, a small team that is purely

local, they don't belong to anyone, don't enter into any all-Ukrainian unions. Later we have got another situation when out of one of our trade unions separated another trade unions because of the ambitions of that guy, its head, who wanted to make his own trade union. As a result, we have such a different and disorganized trade union movement. As a result, there is no agreement between these seven unions. They are all different and I can hardly imagine how they could agree further. It is a third year when we are trying to negotiate with them so they would make the single authority for negotiations. And they will unlikely agree. The second difficulty is that the trade union leaders set the different goals and the level of activity depends on these goals. Someone set a goal to get access to the collective contract in the future, to receive payments from the contract—all that are finances. Some trade union leaders set the task of earning the internal and external PR, on some lost labor disputes for me as employer, where I made a mistake. Some trade union leaders set the task of helping people, they do collect fees for people and help when someone is sick. But for me it means that I have seven stakeholders, with whom I will have the regular job. It is different and depends on the maturity level of the trade union. Of course, it would be better if they were represented by a single body, with whom I could talk. But unfortunately, the situation is not like this.”

The presence of trade unions in German companies still does not guarantee a collective agreement and centralized bargaining, as the HR manager of German M described:

“We do not have a collective agreement because of the difference in trade unions’ movement. We are ready for it and we want to do it. For me it is better that I had a collective agreement, fixed document for employees. But so far we together with the trade unions are juridical entangled how to resolve this situation.”

Yet, these trade unions have some influence on the company and the government supports them in disputes. A balance of interests that is challenging for the Ukrainian HR manager of German M.

“Of course it is a voice. I take them into account in any case, because it is still opinion of employees, even if they are only 30. I respond to correspondence and

they send me official requests. But for me it is a basic level of cooperation. I said to all trade unions that I saw a very productive way of working with trade union as with a partner in other company. Yes, it challenged me but it was a partner. At the same time there is no serious effect from them, because these are such personal ambitions of some groups, unfortunately. We have one trade union that to my regret is now associated with the situation, when someone wants to fire a person for drinking and absence and the trade union protects this employee. So we have a little distorted view of the trade union movement. My trade unions, not all but two of them at least, take a position, "Baba Yaga is against". It is not constructive, because we still stay in business. This is forgotten by trade union's leaders because they are still in the Soviet age. And they forget a little bit that it is not the state economy, it is a market economy. And as I say, if tomorrow the shareholders will want to do something with Ukrainian business, they will do it, in spite of the trade unions. Then here it is important to maintain a pragmatic and realistic approach to the role of trade unions. Yes, they protect the interests of employees but it is not protection of 30 employees violating labor discipline. And the factor that a person entered the trade union and now I can't do anything with him, in my opinion, is manipulation. If a person enters the trade union, I have to take the permission of trade union to fire the employee in case of violations of labor legislation."

The case is much different for a French company where a labor council was created as a supportive function within the company and acts according to a mutually-signed legal agreement, as the HR manager of French A explained:

"This is a body, which was organized by us, and which we manage. We have a legal agreement. We involve them when I need to get a fast decision from representatives on the program. We have 25 regions, 17 departments belonging to the central office, these are people who can quickly provide feedback. They feel their importance, while I get quick feedback. We've sealed it based on the legal grounds."

US companies stated that they care about their employees, so there is no need of protection from a trade union, according to the HR manager for US C:

“We don’t have trade unions traditionally. They are in Russia, France. Our management is interested to agree with employees, so the employees don’t need someone who protects their interests, it’s different times now. For Ukrainian companies—possibly, I would say “yes”, because there can be some arbitrariness. There were cases in Spain—our employees worked at home because the trade union of plants producing sunflower oil announced a strike and they all are the members of trade union.”

As a result, compensation is decentralized and adjusted according to market trends, as US C’s HR manager stated: *“The salary’s level depends on the market of Ukrainian salary”*.

Role of HRM.

MNCs in Ukraine highly value HRM, as indicated in its centralization in which the HR director is usually on the board of directors. HR directors have decision-making authority and are involved in company strategy-building, which is the opposite of national tradition. In some cases, the HR director has an even larger and more independent role of business partner, reporting directly to HQ.

In terms of the structure of the HR department, 90% of studied companies had separate functions such as recruitment, training and development, compensation and so on.

Work System and Employer–Employee Interdependence.

In Ukraine, institutional context influenced the relationship between employers and employees. Theory on business systems posits that weak coordination mechanisms of states (as in the US and Ukraine) would reproduce weak employer–employee interdependence, in contrast to strongly regulated business systems like Germany’s. In France, such interdependence should be lower. The empirical study revealed that the lowest level of interdependency occurred in French companies, with one exception in which low performers could not be fired due to the financial crisis and a restriction on external recruitment.

The qualitative data supports the statement, and the HR manager of French A1 provided an explanation:

“Most current employees work for three to five years. A little bit less of them work for more than five years. A little less of them work for more than ten years. CEO openly writes that we haven’t achieved something and there was an official announcement about 5,000 layoffs worldwide and also company will leave unprofitable countries. Many less important functions like HR are considered as candidates for optimization, outsourcing, shared-service centers and so on.

In 2010, when we had to lay off people, we started a very interesting initiative, which unfortunately didn’t last long. We started to make qualitative replacement of staff. The crisis helped us in this. In 2009 we just let go people with outdated skills, whom we couldn’t teach new technologies and new approaches to work (mostly engineers). And in 2010 we not only reduced headcount, but analyzed all the data and fired low performers or people with skills that can’t be updated and hired new people with skills that we need, actively searching the labor market.”

The HR manager of French A provided further evidence:

“We had a stable management for last five years. We have a turnover only we want it, so, voluntary turnover is excluded. Concerning the salesmen, we have turnover of about 45% in the regions.

When results of an employee are inconsistent with company’s expectations the company decides to separate with such employee, bearing the risk of loss in business. It is clear that from the point of view of business in this area, we are doing everything possible to ensure that he stays. We do not go for it at once, we do not go for it in one day.”

In German companies, employer-employee interdependence was weaker in a few cases due to the local market conditions, according to German M’s HR manager:

“We do not distinguish voluntary leave from not voluntary firing and taking it as a general fluctuation. By the end of this year in our trade centers we foresee about 30% of turnover, while in Kiev office, in 2011, the turnover was from 10 to 12%. 12% is the maximum level for us, which is from my point of view is rather low. This year in the Kiev office the percentage will be higher, because we started a serious revision of the quality of our employees in terms of their

performance. We have forced layoffs and so overall turnover figure will be higher this year.”

The HR manager of German H provided additional evidence: *“The personnel turnover indicator for the previous year was around 21%. The main cause of it was replaced bonus system, which cut the people’s incomes, and therefore lack of stability and confidence about the future”.*

Country of origin effects were apparent in German companies, and a long-term stable relationship was observed, as the HR manager for German H pointed out: *“The average period of employment is around seven years. There are people who have worked for seven years, but no one has worked there longer.”* This was also the case for German M: *“The majority of leaders and people work for 10-15-20 years, that, in turn, is a long period of life. I even was surprised to see how stable it is here.”* German R had a similar situation: *“We had 33 employees out of 120 who celebrated their 5th and 10th anniversaries with the company. There are also a few who have been with us 15 years.”*

Although German companies have a flat organizational structure that does not allow employees to progress in their careers as they would at US companies, one German company emphasized horizontal rotation, providing opportunities for growth within the job function while communicating the culture of stability Ukrainians desire. At German R, *“There is a guaranteed job and a salary that will be paid the 18th and 3rd of every month. This guarantee is one of the conditions that we agreed to and it is being honored.”*

US companies invest more in the development of their employees compared to French and German companies, which could guarantee the inflow of new employees and the retention of existing ones for many years, as the manager for US M stated:

“People in sales department don’t work for a long time. We change them often. We have to leave the best ones, but those who work badly, should leave fast. Apart from sales, employees work here for a long time, and there are many candidates wanting to get here. We invest in our employees so they can work in company as it is said ‘from hire to retire’.”

At US Mi, employee development is also important: *“They have high pay packages, good working conditions, and they really have career development*

opportunities—we offer all these basic things, and even more. So, if they produce no results over a year, it matters a lot to us—we separate with them.”

The main reason for firing employees in US companies is compliance, as the US C HR manager pointed out: *“The reasons for firing are grafts and conflict of interests (i.e., noncompliance with the guiding principles). Even if a person doesn’t do a task fully, he is not fired from the company but given a chance.”*

The US P HR manager agreed: *“The reasons for dismissal are mostly performance or compliance issues. Or if we see that employee doesn’t follow our procedures.”*

Retention practices are globally standardized and common in US companies, as the HR manager of US I confirmed:

“For example we want to retain an employee, so we fill out a certain employee retention form, enter specific indicators—why we want to retain this employee, why we want to increase the wage ahead of schedule, why we believe this person is so valuable, what the risks of losing this employee are etc. So when all cases on the Central and Eastern European level are shaped, they are ranked in the order of priority. This includes market priority and employee priority in terms of their utilization. Should the budget fail to cover 100% of cases, they are placed in the order of priority. In this event rather formal parameters are activated.”

The HR manager of US M concurred:

“Talking about short-term retention, we have a possibility to establish some retention bonus. If we know that certain employee is talented and we want to retain him, after six months we give him a bonus equal to one, or two, or three, up to six salaries. And then again after nine months, so he understands that he should stay. And also there are some goals, so he’s not just working, but also accomplishes them.”

Task fragmentation. According to theory, the highest degree of task fragmentation should be found in US nonprofessional firms where employees could be interchangeable to cut costs. In US companies that provide professional services and in German companies, such task fragmentation should be much lower, leaving space for

highly qualified employees to organize their own work. For French companies, task fragmentation should be quite rigid.

The empirical results revealed a higher level of task fragmentation in both German and US companies (with a few exceptions in which the company's HQ had weak control). The results for US companies confirm home-country effects, while the German case could be explained by the Ukrainian employees' low level of qualifications and skills, as the HR manager of German M stated:

"We are a family with allocated roles, very definitely, literally every minute. We have a task determination. For managers there is the profit share bonus program that includes monthly and quarterly KPI's. It is a hive with clear division of roles. This is not anarchy and democracy—I do it if I want and I don't do it if I don't want. The trade center opens at 7 o'clock, then a client comes in and everything must be in the place, everyone must smile and serve quickly. The client should find the product, which he usually buys on the shelf or to get a help from the staff at the trade center. In fact, there is a clear understanding of responsibilities of each person in trade center."

In French companies task fragmentation was weaker than in US and German companies. As one HR manager at French A1 stated: *"No, they are not described"*. This phenomenon is probably linked to French companies executing less control over their Ukrainian subsidiaries and therefore providing them with fewer instructions. In addition, the majority of studied French companies were in the field of professional services and therefore had highly qualified employees.

Employee discretion. Theoretically, higher worker discretion should be found in German companies and US professional service firms, where employees are highly qualified and are able to make independent decisions on their work organization. Yet, employee discretion was limited in all studied companies, probably because Ukrainian employees' qualifications were not sufficient for such independence, as in German M:

"There is an initiative. People come. But in terms of the operational management there is clear division of roles. For example, if I enter the trade center as HR director and say to the director of the trade center: "Look, the milk probably better to put here"—of course, he will tell me: "Julia, it is certainly excellent, but please talk to the new operation director". Of course there will be an escalation. But when it comes to operational issues, then we can

reach agreement. Our teams work. This is assuming that the decision was taken at the level of the board of directors. But not so that I wanted to change something myself. There are special bodies whose responsibilities are clearly defined.”

Worker-manager separation. The distance between a manager and an employee in Ukrainian subsidiaries depends mostly on the manager; however, the company sets some frameworks. In addition, the influence of the Ukrainian context increases the originally short distance in US and German companies, as in US C: *“We don’t have such hypertrophied relation like in America (where, literally speaking, the door is opened by leg), but the distance between an employee and manager is very short. Though, it is clear that each manager establishes it independently”*. At US M, *“We are closer to Russian type. It’s hierarchy. But without any royal manners. Manager has a friendly face here. Of course, there is a subordination”*. Distance is low at German H: *“We don’t have large distance between the top managers and employees at lower positions. Some things can be done very easily. I do not have to spend a lot of time collecting the feedback and explaining it to the headquarters. It is possible to quickly react and make a decision.”* At German R, there is a higher salary differential: *“The difference between salaries in Germany—for managers and staff is 3.5 times, while in Ukraine, it’s 11 times.”*

By contrast, in French companies all employees were strictly divided into blue and white collar workers and cadres. For cadres, who are the top management, the company provided special benefits including development programs. For other employees, all HRM practices were designed according to the level’s needs. As an example, appraisal was meant only for cadres. Blue-collar employees could only utilize training on their specific tasks.

The common feature for all studied Western companies was the involvement of top management in the work processes of lower-level employees. Such an approach is new for Ukrainian employees and creates a positive attitude and loyalty toward the company, as in US Mi:

“What I see here is probably an element of democracy. All top managers are accessible to you. These visits of CEO, he doesn’t come to check. Of course, he is smart enough to see what is going on and to make relevant conclusions, if necessary. But he comes to help. We collect all questions during the visit, we sit

and think about what we need from them, how they can be useful to us, what partner they will meet. They come to help us grow business. I can see this approach. Yes, you will be thoroughly assessed, you have stringent rules and goals. But your ideas are perceived and you have every right to create any program here. All you need is to achieve results. Then, you can advertise and improve it, let the practice spread. I think this is the democracy, yet with a rigid structure of the system enhancing responsibility ... there is a system which controls, but people (managers) trust what you do. But if you don't do, then show a plan of what you will do, and we are ready to help."

At German H, worker-manager separation was also low:

"I was highly surprised when the new global CEO visited us, spending two days here when we had a presentation, and spent one of these two days following me wherever I went. He was everywhere. He was interested in the way I communicate, where I go, and what I say; he sat in on interviews. He found it important and interesting. He was trying to find out the way people work, the way they appear in the company, whether they make appointments with me. These fine points were important for him. And this was not limited to my area of work; he comes here and he is interested in these things. He is not concerned about the concept of high personal status, and this could be clearly seen."

French S had a similar low-level of worker-manager separation:

"Our CEO always has open doors at his office. He visits the factories dressed in a suit from Versace and tie from Hermes in all necessary safety equipment as any other worker. He is always friendly to everyone greeting and asking 'how are you?'. He expresses the respect to all employees without any screams or indignity."

Delegation. HR managers from US and German companies agreed that delegation is encouraged but depends on the personality of a particular manager. According to US C, *"It is welcomed. There are different people and I believe that we have the reasonable balance."* German R agreed: *"When it comes down to that, everything depends on the work and the employee, the manager. What attitude people have towards work in the department. Some like to control everything, others like to*

delegate.” US M confirmed: “There is always a human factor. One manager would delegate, and the other one would stick to his powers. You have to consider the maturity of manager, his readiness to delegate and to develop his subordinates, his commitments etc. Managers are different.”

For Ukrainian managers it is still difficult to delegate because of the legacy of the Soviet Union era, as US M noted: *“But nothing is flat. Of course there are some moments “I’m a manager, I said so. But Russia is extreme.”* Yet, there are frameworks within which the manager can delegate responsibility; decisions above one’s designated authority must be approved by higher level management. The HR manager at US M explained:

“Decision making and delegation is mostly divided by grants of authority. For example, I make decision on induction training by myself, if it is in budget that I’m responsible for. My level is \$5,000. It’s my budget and I make this decision. If I have to spend \$6,000, I need a manager +1. Every employee has his grants of authority in his grade. So he knows, for instance, that his grade is #2, and he has \$10,000. And so on. You can delegate your authority on the lower level.”

German R’s HR manager described the decision-making framework:

“If we’re talking about sales, then there is a set of decisions that an ordinary sales manager can take. That person has a framework. The next level is the department manager. It can be a matter of numbers, such as volumes. The next level is the general or commercial director or the board of directors. An important number might be decided by the regional board of directors. I don’t know whether at some point certain kinds of information goes back to headquarters for decision—say, a super extended timeframe for paying. In other words, everything is regulated: this is your area of competence, and that’s ours. Whatever relates to the situation in-country, we handle ourselves.”

At German M, *“We have a so-called matrix of power that share financial and managerial decision-making. There is a system of cascading the information and a decision-making tool.”* The companies encourage delegation because it develops management skills and allows interchangeability of employees without any loss for the company. At US M, *“In our talent development program global delegation of powers is one of the ways of subordinate development. This is encouraged by company. Manager*

can delegate within the framework of his authority.” Similarly, at US C, “When a person goes to vacation, he must have substitute. A person being substitute sees how people worked before him: drawbacks, some mistakes. It leads to improvement of the job and that’s why it is welcomed.”

The questionnaire results indicated that delegation is weaker in US companies and higher in French companies. This trend could be explained by task fragmentation, which is highest in US companies and lowest in French companies. When task fragmentation is high, the employee has limited responsibilities that are clearly stated, which naturally limits how much responsibility the employee can delegate. When task fragmentation is low, respondents assumed that they could potentially delegate more responsibilities.

The questionnaire results illustrate that US companies have the lowest degree of worker-manager separation, followed by German companies; in French companies worker-manager separation is highest. Table 42 provides a summary of work-system characteristics at Ukrainian subsidiaries.

Table 42. Work system at Ukrainian subsidiaries

N	Ukrainian subsidiary	Work system				
		Commitment	Fragmentation	Involvement	Separation	Delegation
1	US P	High	Low	Some	High	Some
2	US M	High	High	High	High	High
3	US I	High	High	Some	Some	Some
4	US Mi	High	High	High	Low	Some
5	US C	High	High	High	Some	Some
6	US B	High	Low	High	Low	Some
7	US D	-	Some	Some	High	Some
8	US E	High	High	High	High	High
9	French Al	High	High	Some	High	High
10	French A	High	Some	Some	High	Some
11	French S	High	Some	Low	Some	Some
12	German H	High	High	High	High	High
13	German M	High	High	High	High	High
14	German R	High	-	-	-	-
15	German S	High	High	High	Low	Low
16	Swiss N	High	-	-	Some	-

Overall, Table 42 shows that several propositions were confirmed. Proposition 1 states that national context affects employer-employee interdependence, where companies experience high employee turnover. It forces multinational companies to implement retention practices to protect scarce knowledge among employees. As a result, the commitment to retain core employees in all of the studied companies was very high. Employees' delegation of responsibilities and their involvement in decision-making was relatively high in all studied Ukrainian subsidiaries, rejecting Proposition 1. Notwithstanding a worker-manager separation remained high.

Extent of standardization of HRM practices at Ukrainian subsidiaries

Internal factors that might facilitate or constrain the process of transferring HRM practices from Western HQ to Ukrainian subsidiaries can be linked to the results in Table 43, which shows the extent of standardization of HRM practices. Three companies had a significantly low level of standardization: US B, French A, and German R. Tables 41 and 42 support the argument that such localization can be explained by various factors. In US B, dependence on HQ's resources is relatively low, which allows a certain degree of freedom. This company also has several contingency factors that allow local practices to come through, including being a brownfield, having a relatively large size of 1,000 employees, and operating for a long time on the Ukrainian market (since 1998). However, the work system at this company is not similar to that of domestic businesses. French A is similar to US B: dependence on HQ's resources is very low, and the company has local contingency factors including being a brownfield, having a relatively large size of 1,000 employees. The company German R also has local practices due to relative autonomy, weak control from HQ, absence of expatriates and a weak role for HR. These findings confirm Propositions 3g, 3j, 3h, 3i.

The other companies show high levels of standardization of HRM practices at their Ukrainian subsidiaries, confirming Propositions 2 and 4. Ukraine at this point could be considered closer to the West, then, from a cultural point of view.

Table 43. Standardization of HRM practices at Ukrainian subsidiaries

N	Company	Standardization			
		R&S	T&D	C&B	PA
1	US P	Some	High	High	High
2	US M	Some	High	High	High
3	US I	High	High	High	High
4	US Mi	High	High	High	High
5	US C	High	Some	Some	High
6	US B	Low	Some	Low	High
7	US D	High	High	High	High
8	US E	High	Some	Some	High
9	French Al	Low	High	High	High
10	French A	Low	Low	Some	Low
11	French S	High	Low	Some	High
12	German H	High	High	High	High
13	German M	High	High	High	High
14	German R	Low	Low	High	Low
15	German S	High	High	High	High
16	Swiss N	High	High	High	High

6.2.2. Localized HRM practices at Ukrainian subsidiaries and national context effects

Proposition 1 describes the local HRM practices that is shaped by the national context effects and therefore could be found in subsidiaries of western MMC, where the impact of host country effects is strong. Such HRM practices were observed in the studied companies, including selection of experienced employees, direct supervision, individual negotiation for compensation, weak investment in employees' development, personal evaluation of performance, high reward differentials, profit sharing rewards, appraisal for results or financial output.

Proposition 2 provides additional clarification of the Ukrainian context, where Ukrainian employees are more likely to take initiative, thereby facilitating appraisal for process and not just results (Rogovsky and Schuler, 1997). Career development would also be important at this point. These characteristics were found among studied companies.

Table 44 presents the answer to this question, providing a list of localized HRM practices for each company along with possible influencing factors.

Table 44. Localized HRM practices at Ukrainian subsidiaries and influencing factors

N	Ukrainian subsidiary	Localized HRM practices	National context effects
1	US P	Recruitment through personal contacts Extensive training for field employees	Undeveloped vocational training in business and gaps in Soviet public education
2	US M	Recruitment through personal contacts Extensive training	Trust only within social groups
3	US I	Extensive training	Undeveloped vocational training in business and gaps in Soviet public education
4	US Mi	Lack of needed specialists Criteria: experience Extensive training	Unstable environment Delay in transfer to market economy Undeveloped vocational training in business and gaps in Soviet public education
5	US C	No graduate recruitment Extensive training for business studies Appraisal by supervisor	Focus on experienced employees Lack of needed skills Low trust environment
6	US B	Recruitment through personal contacts Extensive training for business studies Individual negotiation for rewards	Lack of needed skills Weak trade unions
7	US D	Recruitment through personal contacts Extensive training	Trust only within social groups Lack of needed skills
8	US E	Recruitment through personal contacts No graduate recruitment Extensive training	Weak bridge between business and education Lack of needed skills
9	French Al	Extensive training	Undeveloped vocational training in business and gaps in Soviet public education
10	French A	Internal recruitment Deduction of bonuses High rewards differentials Extensive training	Crisis Cultural way of motivation High worker-manager separation Weak trade unions
11	French S	High differentials in salaries Extensive training	Weak trade unions High worker-manager separation
12	German H	Extensive training	Undeveloped vocational training in business and gaps in Soviet public education
13	German M	Translation of training materials for lower level employees is needed Trade unions influence Extensive training	Language barriers Undeveloped vocational training in business and gaps in Soviet public education
14	German R	Localized training programs Mentoring Appraisal by supervisor only Individual negotiation for rewards	Language barriers and Crisis and budget restrictions for international training Cutting the cost on training programs Lack of formal procedures
15	German S	Recruitment through personal contacts Extensive training	Undeveloped vocational training in business and gaps in Soviet public education
16	Swiss N	Extensive training	Undeveloped vocational training in business and gaps in Soviet public education

In most Ukrainian subsidiaries, the local approach to HRM practices was observed in recruitment through personal contacts, extensive training for employees, and language courses. Recruitment through personal contacts was conditioned by

national context effects such as weak information flow on the labor market and trust within personal networks. Extensive training for employees is needed to address the weak central training system and the lack of market-oriented knowledge among older workers. Language courses represent another national context effect, because of the language barrier in MNCs.

In companies with a lower level of standardization, local characteristics such as appraisal by supervisors only, high reward differentials and individual negotiation for compensation were observed. These practices could be explained by national context effects such as weak trade unions, lack of trust, lack of formal procedures and an unstable environment.

Negotiation has a more individual and decentralized character, as the German R HR manager pointed out:

“I look at the market, at the person’s request, and at people with similar qualifications already working at the company. I take into account experience, education, the value of the person on the market and their value within the company and we find a compromise. There are no rigid numbers. There is the understanding that, according to our company’s policy, the employee falls into one or another grade.”

In French companies, there was a higher difference in amounts of salaries between managers and workers (French S). The bonus was also higher for top managers at French A: *“We have a very big bonus system. Usually 25% is already a lot for our employees. This is just for employees. The tops have even more, up to 50.”*

The punishment system occurred in one of the studied companies, French A:

“A person did not get remuneration due to the fact that he/she did not show the required level of competence. The bonus was reduced, and the employee quit afterwards. For the employees it makes from 20%. Someone left, someone still works with us trying to improve.”

French companies did not report having a benefits system that was as comprehensive as their US counterparts, arguing that compensation and working conditions were good enough to retain employees, as French A indicated:

“We started to build very basic things, to pay salary according to the schedule. People moved to normal offices, we gave them health insurance. We started to

pay official salaries, we said that we would pay bonuses not because of a director's instructions, but because of achieving such-and-such indicators.”

Ukrainian employees tend to discuss each other's remuneration at French A:
“Our engineers have long working hours. At some point they started working in geographically distributed teams. So they exchange the information with their colleagues and find out about each other's compensation. And that is where critical moments may appear. They start to compare. But today the concept is so standard and unified, that it doesn't happen anymore.”

6.2.3. Disintegrated HRM practices at Ukrainian subsidiaries and national context effects

There are Western HRM practices that are difficult to implement in Ukrainian subsidiaries. Such practices could be identified as disintegrated, meaning that Western HQ diffused them, but they were not fully integrated into work processes due to certain national context effects. This question is the main interest of the research, as national context effects could be best observed in this context.

Table 45 represents the list of disintegrated HRM practices and possible influencing factors provided for each company.

Table 45. Disintegrated Western HRM practices at Ukrainian subsidiaries

N	Ukrainian subsidiary	Disintegrated HRM practices	National context effects
1	US P	International development programs Graduate recruitment Flexible working hours Diversity and discrimination policies are not enforced Training programs for field employees Criteria employed to determine the bonus Compliance Feedback Sales courses Regular training for compliance Service providers	Low employer-employee interdependence, high employee turnover, unwillingness to invest in personnel development Widespread bribery approach to sales Legislation restrictions, low self- consciousness No local regulation Cultural resistance Language barrier Need to educate employees on this issue
2	US M	Interviewing questions on diversity Prohibits relatives to work together Graduate recruitment Rigid promotion system Rigid grading system Share-based compensation plans for workers Diversity policies	Culturally allowed Personal network culture Underdeveloped links with universities High turnover No trade unions Ambitions Weak capital market

		Flexible working time	Low trust in financial institutions Homogeneous labor market, Women prefer family to career Restricted legislation
3	US I	Team dinner and incentive trips Flexible working hours List of service providers	Legislation restrictions for taxation Legislation restrictions, low self-consciousness
4	US Mi	Feedback Diversity policies Firing underperformers High Potential programs Succession planning Open competition for succession position	Homogeneous labor market Women prefer family to career Legislation complicates the process of firing Cultural resistance Lack of human resources in Ukraine High turnover and fluid market Lack of competitive skills
5	US C	Feedback	Cultural resistance
6	US B	Feedback	Cultural resistance
7	US D		
8	US E		
9	French AI	Shared service centers for recruitment Leadership Pipeline KPIs Qualitative replacement Internal replacement of underperformers Age diversity Mobility	Language barriers, high context culture People are not mobile, company restrictions for travel Limits of understanding due to weak communication Possible layoffs due to the crisis Lack of interest from expatriates to come to Ukraine Does not reflect the diversity of labor market
10	French A	Development program Mobility	Flat structure and limits of mobility
11	French S	Succession planning Locally developed 'Academy' Integrated System Compensation of extra working hours Employees survey	Lack of needed specialists on the market Language barrier Language barrier and lack of IT familiarity Can be compensated only by payment and not by compensatory leave Inherited top-down communication
12	German H	Retirement savings Assigned insurance provider Options Frequent international mobility of managers Enforced list of service providers Top positions occupied by expatriates Graduate recruitment Outsourced assessment and competency interview Flexible working hours	Legal restrictions Inefficient providers, but can bear the 45 days of payment delay Not efficient and fairly demotivating Underdeveloped links with universities Incapable line managers in selecting employees
13	German M	Measurement the potential Performance oriented appraisal Amounts determined by industry Mentoring Graduate recruitment Cross-functional rotation Succession planning Expatriated for top position Corporate training	Subjective understanding of this practice Not customer and market oriented Not competitive on the market Resisted sharing experience Lack of understanding Difficult to adapt to different tasks Unstable environment Demotivating Language barrier
14	German R	e-learning International assignments Mandatory sales-oriented program	Lack of local sensitivity in attempts of centralization Ukrainians are not mobile and not

		Rigid remuneration policies Low coefficient of manager-worker pay level Inflation salary adjustment low Outdated processes Flat organizational structure Corporate training Enforced mentoring	demanded abroad Not adjusted to local context and client specifics Constantly changing environment and need for higher pay increases High wages differentials Unstable and fast changing environment Language barrier Crisis Ukrainians prefer to share their experience without being forced
15	German S	Rigid compensation system	High inflation
16	Swiss N	Grading system	Local law does not allow demotion

Recruitment and selection. Despite the availability of the corporate international management pool, succession planning was the greatest challenge for all Ukrainian subsidiaries. Expatriates hold the top positions at Ukrainian subsidiaries, which demotivates local employees from pursuing career growth opportunities. In addition, expatriates are expensive and the subsidiary's budget can't always cover their remuneration. Yet, the local labor market is of poor quality and employees with needed skills are constantly enticed by other companies, as was the case at German H: *"All top management positions are occupied by expatriates, who are assigned by the HQ."* German M had the same situation:

"The top management positions are filled by the regional HQ, and occupied by expatriates. Our company is an attractive employer; however, there are limitations of how far manager can grow, because there is some kind of "glass ceiling" which never lets local manager to take a director's position, which is always occupied by expat. Therefore, our new task is to train Ukrainians slowly but confidently and to prepare them for top roles."

At French A1, *"There were 14 expats in Ukraine, but now we have just one localized expat, project-manager. Others didn't want to leave, but it was too expensive to keep them here. The CEO in Ukraine is Ukrainian."* At French A, *"Today we have two expats. Because it was expensive, we tried attracting local people."* For Ukrainian employees, granting top positions to expatriates creates disillusionment about the whole system of career development, as at German H: *"They (employees) see no sense in growing and pursuing some goals if someone will be taken from the outside anyway."*

For other German companies, career development is a challenge because of work permit restrictions and the flat organizational structure, which can't provide

vertical movements. This issue is sometimes solved at the initial stage of recruitment, when candidates become informed about the system, as at German R:

“You can’t say that we don’t offer a career. But if you compare us to American companies, you could say that maybe we don’t. But if someone wants to, they can always find horizontal opportunities, take on some additional responsibility, or change functions within their department. They (HQ) have never taken anyone from Ukraine yet. Even in Austria, it’s very hard to get a work permit, even though the company’s international.”

Training and development. The training programs among German companies are fairly standardized; however, localization occurs because of factors such as crisis and the company’s maturity, as at German R:

“Concerning the training programs, they were highly standardized and held in Regional HQ due to the fact that the company was evolving and expanding rapidly prior to the 2009 crisis. Now it’s localized a lot. There are no more such mandatory events that people have to travel to Austria for. Everything is done locally now. We grew up on our own and we can do plenty using our own resources. For instance, e-learning was launched this year. This happens simply because the company is huge and tries to centralize processes.”

Before the crisis, German companies invested heavily in training programs, as at German R, *“The large budgets for training were planned to provide to each new employee a number of workshops in Austria over the first year.”* These global courses were not always useful in Ukrainian context, unless they were designed specifically for the Ukrainian market, in the experience of German R: *“Last year, there was a sales-oriented program that came to us from the regional office. The result was that we had to spend a lot of time adapting the materials they gave us to suit our situation here, for it to make any sense at all.”*

Only when exercises were developed specifically for Ukraine was it possible to use them without any adaptation other than translation, as German M noted: *“They made the exercises for us, for our market. We will translate them this year.”*

In cases when regional HQ dictated who training providers would be, despite their inefficiency, payment regulations were the issue, as at German H: *“I fought because I had been forced to work with a training provider, who did not do anything;*

they did not even want to do anything ... the Ukrainian training companies typically require advance payment of 50%. Our standard payment terms are 45 days after the service was provided.”

The initiative of cross-functional rotation did not bring expected results, because not every employee was ready to move to another position, as German M experienced: *“We tried to do the cross-functional moves to the middle management. It did not work. If a man is not good inside, it is very difficult for him to adapt to commercial field”.*

Training for recent graduates was common for all German companies. However, not all companies were fully prepared for this practice, as they needed to work on their branding. In addition, targeted students from economics and finance departments were not ready for hands-on experience at the lowest level of the company, in the experience of German M: *“Among seventeen finalists who remained after all selections, after a final excursion in the trade center, seven persons refused and just ten went to work.”* Mentoring at Ukrainian subsidiaries was more successful when it was not a formal procedure. When new employees join German R, someone takes them *“under his wing until they are on their feet”.*

In companies where employees were obliged to provide mentoring, they resisted sharing their experience. Such an attitude could be caused by fear of losing their positions, as the German M HR interviewee stated: *“I gained this knowledge on my own and why should I teach others.”*

Although the companies provide all necessary courses, the language barrier and financial limitations prevent Ukrainian subsidiaries from implementing global practices, and forces them to develop local courses.

At French companies, succession planning was the main challenge at Ukrainian subsidiaries. The mobility program also encountered numerous obstacles in the Ukrainian context; for example, at French A1:

“The simplest reason, except the issue of knowledge and skills, is that people actually were not mobile. They weren’t ready to move. But because of the strict control all the business trips are not allowed, and because of there are almost no opportunities for development. We have our own corporate university that develops all these certification programs.”

French A encountered the same problem: *“International mobility is complicated, because by moving people from region to region it is impossible to do it. Instead, we practice some short-term rotational projects up to six months.”*

Performance appraisal. A common practice at US companies of providing feedback was difficult to implement in Ukraine. As an HR manager at US Mi pointed out:

“People in Ukraine are afraid to provide feedback, they are afraid to offend their colleagues. Lots of them would say: ‘Sure, I will speak now, and then what? And I will have to work with these people for many years.’ That is. They are afraid. On the other hand, they are afraid because they have no skills doing it. I mean, there are some cultural reasons combined with the lack of skills. Perhaps, people do not understand how to do it right. We have to change their attitude towards the feedback. We should consider feedback as a gift. Children grow with this attitude abroad, and it’s much simpler for them to talk about it.”

The HR manager at US C confirmed: *“It is difficult for Ukrainians to tell directly about the problems.”* To overcome this issue, HR departments of Ukrainian subsidiaries developed specific guidelines and provided additional training. This initiative facilitated an overall culture change toward Western feedback culture. In general, the appraisal system is new for Ukrainians and is difficult to execute due to lack of understanding among managers and employees, according to the HR manager at German M:

“It is negotiations holding between managers and subordinate, because performance is also very subjective concept. For example, the employee showed excellent results for the last five to seven years, it is very hard to explain him why he is suddenly showing a bad result. It’s not because he became to be bad or lazy, just the requirements have changed. Conditions and requirements for the work are changing, but not everyone wants to change. ‘I work overtime 10-12 hours. Look, I work a lot’. But it’s not about how many hours do you work; the matter is what you do and how you do it. This is the question—how do you work with suppliers, how do you work with the trade centers. These areas have slightly different rules. There are some things that are not in the job description. This is something related to the ‘soft’ competencies, that are of course measured in the hardest way, but the result show it: the decision is taken wrongly, the contract is signed in wrong time, inappropriate conditions are discussed. All

this is reflected in the result, which affects the sales and it is not the result we expected.”

Ukrainian workers’ reluctance to participate in engagement surveys reduced the performance results of the HR manager, who was responsible for employee involvement. Workers do not understand the reasons for and importance of this practice. Because of their experience under the Soviet times regime they are afraid to answer questions such as ‘Do you know the strategy...?’. In contrast to Ukraine, in the Russian subsidiary, the HR manager was not as sensitive to worker’s desires, forcing them all to complete the survey. As a result, biased answers were received, according to the HR manager of French S.

Compensation and benefits. Compensation is usually based on the position and is tied to financial results, comprising the base salary and high premiums for sales managers. Subsidiaries collect data about market trends for salaries and send the data to HQ. In return, subsidiaries receive a form consisting of grades with the minimum, median and maximum salary range for each cell of the matrix, and the subsidiaries must adhere to the form. One of the fundamental policies on compensation and promotion sets the standard salary increase and the minimum for the next highest salary range. This approach complicates retention of valuable employees. As the HR manager at US M noted:

“Everything that has something to do with Comp and Ben doesn’t change. Promotion program, retention, it all grouted into concrete and we can’t change it. Even if we really want to retain a person, raise his salary, we can’t do that. For example, when employee gets 10% instead of desired let’s say 30%, he gets upset and quits. There’s nothing we can do here. We can try giving him retention bonus or try to talk to him, make some kind of emotional impact... That’s why I prefer to tell him about this policy during the induction.”

Benefits are regionally standardized and HQ mandates particular service providers. Despite the requirement for certain providers, subsidiaries always have a way to make their own choices based on cost efficiency arguments and well-presented case studies, according to the HR manager at US I: *“We aren’t authorized to change the internet provider—this is a centralized function”*.

At USP, *“One of the examples concerns a broker on the medical insurance*

issues that they tried to make us working with. The market of such services is not very developed (in Ukraine). And it happened a few years ago, when it was developed even less. Insurance companies weren't ready and they weren't flexible in packages and prices, because they got new mediator. So we created a local case and now we work without broker. Maybe, we will change our opinion soon. We were told that this specific company would be our broker. And we didn't want to work with this company, we saw that they are not professionals."

German H also encountered problems with brokers:

"I cannot work with a broker who never showed up during the year, never answered my questions, and yet charges twice the fees of any Ukrainian broker. Of course, such arguments against them are hard to resist. We carried out a competitive tender, and selected a local insurer for ourselves."

As of 2014, the company also had share-based compensation plans, which employees did not clearly understand and therefore the plans did meet expectations. A few companies have announced flexible working hours, while admitting that this practice is difficult to implement in Ukraine due to local laws. For companies in which control is very strict, a high level of standardization does not accrue many benefits in the Ukrainian context. German R is an example: *"The pay scale has steps with gradual raises after specific time periods. But while Germans are happy to have a 2% raise, our people laugh at 5% and complain, saying: 'Don't make fun of us. That's completely ridiculous'."* At German H:

"We justify it and explain the things we want to do and the things we want to change. The contents of the compensation package can also be included here, because there are some things we do not provide. We do not provide options due to legal restrictions. We do not provide retirement savings, although we may come to it at some point. We are currently communicating with Dragon Capital, so this is possible. This is something we can do."

In addition, the pay scale does not reflect the reality, as the German R HR manager pointed out:

"Take, for example, the salary scale: it's one and the same for everyone at the global level. But look at the difference between salaries in Germany—for managers and staff—and in Ukraine ... In Germany, the difference is 3.5 times;

in Ukraine, it's 11 times. So you can't physically reflect this for Ukraine in the same report as Germany."

Practices such as flexible working hours among studied German companies was also difficult to implement, in the experience of German H:

"We were offered to introduce work from home. We were give 8 options, the only applicable ones out of which are the flexible working hours and, in the best case, the compressed working week, because I cannot work from home. I personally can, but the customer service personnel cannot. Because they have to place the orders. They need to remain in the office, because they also work with the distributors. It does not always turn out well. A worker is not going to work from home, either. So this can be possible for some employees but impossible for others. "

A mismatch with European HQ's regulations is 'paid extra hours', which do not comply with Ukrainian laws. In Ukraine, extra hours worked during the workweek can be compensated by payment only and not by compensatory leave, which is meant for weekends only (French S).

6.2.4. Standardized HRM practices at Ukrainian subsidiaries and national context effects

This part will analyze standardized HRM practices at Ukrainian subsidiaries that were successfully implemented because certain national context factors facilitated this transfer.

Table 46 shows that standardized HRM practices at Ukrainian subsidiaries predominate, which could be explained by weak institutions in Ukraine that do not resist the transfer of such practices. The results presented in Table 46 confirm Propositions 4. As Proposition 4 states: Weak institutions in Russia and Ukraine would facilitate the transfer of following standardized HRM practices to Ukrainian and Russian subsidiaries of Western MNCs: competency-based selection, extensive training and development programs, formal performance appraisal systems, structured compensation systems and nonmonetary benefits, and strong corporate culture. All of these practices were found at each Ukrainian subsidiary.

Table 46. Standardized HRM practices at Ukrainian subsidiaries and influencing factors

N	Ukrainian subsidiary	Standardized HRM practices	Influencing factors
1	US P	Headcount Assessment centers for recruitment of managers Rewards are tied to financial results, position, personal contribution Training programs for managers Extensive standardized training programs Appraisal forms and procedures Appraisal of results and process, and for performance improvement and career development International management development program High potential program International assignments	Home-country or dominance effects
2	US M	Selection process Training and development Assessment centers for recruitment Referral program Diversity policies Appraisal forms and policies Compensation and benefits system Corporate culture Compliance	Home-country or dominance effects
3	US I	Recruitment through corporate website Global pool of employees Referral program Competency based recruitment Social network web platforms Business Leadership Program for talented managers Assessment centers for managers recruitment Diversity policies Stock options for managers International management development program Appraisal of results and process, and for performance improvement Central structure and policies for Comp and Ben Share-based compensation plans Immaterial bonuses High potential program International assignments	Home-country or dominance effects
4	US Mi	Assessment centers for recruitment of managers Diversity policies Graduate recruitment Global pool of employees International management development program Extensive standardized training programs International assignments Fixed salary and bonus plan Central structure and policies for compensation and benefits Performance appraisal structure of reports Appraisal of results and process, and for performance improvement and career development Corporate culture	Home-country or dominance effects
5	US C	Assessment centers for recruitment of managers	Home-country effects

		Competency model International development program Performance appraisal system Code of conduct certification Corporate culture	Dominance effects
6	US B	Graduate recruitment International development program Performance appraisal system Compensation and benefits policies Appraisal of results and process, and for performance improvement and career development Code of conduct certification Corporate culture	Home-country effects Dominance effects
7	US D	Appraisal of results and process, and for performance improvement and career development Performance appraisal system Development programs Compensation and benefits policies Corporate culture	Home-country effects
8	US E	Recruitment through corporate website Assessment centers for managers recruitment Appraisal of results and process, and for performance improvement and career development Profit sharing Immaterial benefits	Home-country effects
9	French AI	Headcount Internal transfers approval No external hires Corporate university Unified system Comp and Ben	Pressures for integration
10	French A	Competency model International assignment is Asia Training on competency model Organizational Talent review KPIs Appraisal of results and process, and for performance improvement and career development	Dominance effects
11	French S	Internal recruitment Approval of cadre position Model of competencies Graduates recruitment Management training Mobility Development E-learning Induction training, mentoring Grades for compensation Standard criteria and the methods for cadres appraisal Diversity	Home-country effects Dominance effects
12	German H	Management training International assignments Career development programs Performance appraisal standard process Flexible working hours Charity Bonuses system	Home-country effects Dominance effects, Pressures for integration
13	German M	Global pool Functional training	Dominance effects

		Development program International development centers Division and gradation for Comp and Ben The reward spare for performance Formal KPI's and personal goals Appraisal of results and process, and for performance improvement and career development	
14	German R	Appraisal of results and process, and for performance improvement and career development Performance appraisal standard forms Rate scale and bonuses Internal promotions Internship programs Graduates recruitment	Dominance effects
15	German S	Diversity policies International development programs Appraisal of results and process, and for performance improvement and career development Performance appraisal system Development programs Compensation and benefits policies Corporate culture Compliance	Dominance effects
16	Swiss N	International Development programs Competency model Recruitment through corporate website Global pool of employees Social network web platforms Business Leadership Program for talented managers Assessment centers for recruitment of managers Diversity policies International management development program Appraisal of results and process, and for performance improvement Central structure and policies for Comp and Ben Immaterial bonuses High potential program International assignments Succession planning Corporate culture	Home country effects Dominance effects, Pressures for integration

Recruitment and Selection. In most of the studied US companies, recruitment policies and metrics were globally standardized, but adaptation to host-country regulations always occurred; for example, at US M: *“We have strict control on the stage of selection ... There is the rule that local law always prevails. There is clearly stated interviewing system. We know that in America you can’t ask people of their age etc. But it’s possible in our culture.”* US C also followed the host country’s laws: *“Firstly it is important to follow the laws of the country you work in and to avoid conflicts of interests”*. The US P HR manager described the situation similarly:

“We have a global recruitment policy. But we had a possibility to adapt it locally. We received a canvas from the head office and then adjusted it for ourselves. Such global policies are usually general. They just define the process. Who is responsible for what, line manager’s responsibility, group’s responsibility (talent acquisition, client-facing). Just the roles’ distribution. And all the details are local practices, local things, local development. Our head count has to be approved and we function in its framework during the whole year.”

For US Mi, *“Recruiting really has very many metrics to comply with. They serve the purposes of both quality and quantity. They are all corporate standards. Standards are uniform, and they are shifted to us top down.”* Last, US I’s HR manager stated, *“Recruiting is formalized in any case.”*

According to Ukrainian labor law, every company has a three-month probation period. For high-level positions, a six-month probation period is applied.

For all companies, the most used and most efficient recruitment channels were referrals or personal contacts. Although personal contacts are considered a traditional recruitment method in Ukraine, American companies invented a new form that provided bonuses for successful recruiters (the employee who finds the right person for the open position). The US I HR manager stated: *“Of course I use my contacts, a manager may fail to recall a person they worked with before and I can recommend this person. Staff members may recommend somebody under our In Play Referral Bonus Program.”*

Depending on the nature of the business and the region, companies use different combinations of job websites, job agencies, corporate websites, headhunters, and media channels (e.g., newspapers and outdoor advertising). In a few cases, companies used internal resources to search for candidates. It has become popular for companies to place job announcements on social network platforms, as US I demonstrated: *“In addition, the recruiting information is published on websites. Soon it will be posted on our Facebook page. In addition I’ve got a lot of Linked-In contacts and I try to update the link to our corporate website with all job opportunities published.”* For top positions and specialists that are not available on the market, the subsidiary draws from the global pool.

Steps in the recruitment process that were common for all companies include screening CVs, conducting interviews over the phone and in person with line managers and HR specialists, tests on competencies and psychometric tests. A few companies used application forms and recommendations from previous employers. Assessment centers were observed only in US companies and mostly for higher ranking managers; for example, at US I, *“There’s a global corporate recruiting website where everybody registers they application form and passes an obligatory testing (IQ testing).”*

As for selection criteria, personal values, competencies and previous work experience in a Western company were the most important criteria for the employer, as US Mi indicated: *“My work experience with an international company helped me to get a position”*, and US I confirmed this: *“Experience is more important than education. The temper is essential as values cannot be implanted.”*

Education was the primary selection criteria in only one US pharmaceutical company, where a medical diploma was required, US P: *“We don’t look at the experience. We hire a lot of people without any experience. We look at how quickly a person learns something new.”* Other US companies paid attention to education mostly in cases of graduate recruitment. Only a few respondents mentioned the necessity of possessing personal connections with authorities, which is usually highly respected in domestic companies, although the references from prior employers were reviewed, as the HR manager at US P stated: *“Of course we also check the references”*.

A distinguishing factor of all studied US companies was their global diversity and nondiscrimination policies that required a good gender balance in all subsidiaries, as US Mi’s HR manager stated: *“The focus is set on females.”* Compliance policies strongly affect the recruitment process at Ukrainian subsidiaries; for example, rules on nepotism were applied at US M: *“We can’t hire relatives”*.

Although all of the MNCs provided sophisticated and frequent training programs for their employees, not every company practiced graduate recruitment or offered internships. In companies that recruited graduates, the internship program was a global corporate initiative, for example, at US Mi *“We have trainees; there is an internship program, and also graduate recruitment, though graduate recruitment includes 2 to 3 positions a year. This is a global program”*.

Another common feature of US companies was performance and compliance-oriented selection in combination with an easy firing process, which was also observed at Ukrainian subsidiaries, as US P’s HR manager indicated: *“It is mostly performance*

or compliance issues. Or if we see that employee doesn't follow our procedures." The results of the questionnaire confirmed that US companies execute stricter control over recruitment practices and transfer globally standardized practices.

The extent of standardization of recruitment practices among German and French companies depends mostly on the market situation and the position of the GM. Many companies adjusted their strategies in accordance with domestic requirements, because of the effects of the financial crisis in Ukraine. As a result, companies maintained strict control on external hires and a move toward outsourcing occurred. According to French AI, *"Recruiting here is a very difficult process, and there's always a strict control here, because of headcount, growth and so on. And, of course, it has to be reflected in a budget."* German S was also budget-conscious: *"It is cheaper for us to promote internally than to spend on searching for new candidates"*. French A also preferred internal candidates, whereas German H outsourced recruitment: *"So far it turns out that we outsource a part of the project, namely the job posting and screening"*. French A1 launched a new incentive: *"Shared service centers incentive will become effective on January 1st, 2013."*

Unlike US companies, European companies did not use agency support for recruitment, relying mostly on their own resources, as German R indicated: *"We post an ad on the internet, which is what we mostly use"*. French A1 had the same strategy: *"Not once we went to recruitment agency, we always find people by ourselves."*

There was not a standard approach to selection criteria, and it largely depended on the position; however, a focus on values prevailed, as French A1 stated: *"We describe needed skills individually for every position. There is no standard approach to it. When you hire a person, you assess not just his skills, but also his ability to fit your culture and approaches."* German R concurred, *"It's easier to build the habits than to break them"*. This focus on an employee's potential and values instead of practical experience could be explained by the European tradition of apprenticeships; graduate recruitment among Ukrainian subsidiaries of European companies is well established, as at German R: *"We have a lot of trainees"*. The situation was the same at German H: *"We take young people, university students, who perform some project that has to combine social responsibility and many other things. Other companies do not do that, and the institutes are not ready. They do not understand what this is, what we are talking about."* French A started hiring young people two years ago.

One feature specific to Germany was closer collaboration between HR and line managers. HR departments of German companies are more involved in the process of recruiting, according to German R: *“We work in tandem. I don’t believe that only the functional manager should be selecting employees, because we can help professionally. Likewise, I don’t believe that HR should be selecting people, so we’re always working together”*.

Training and Development. The training and development process is quite similar among studied US companies and represents an important part of HRM activity. In general, all training programs can be divided into obligatory, self-learning and leadership programs. For obligatory courses, every US company announced a compliance course or code of conduct certification course. An induction training was also a common compulsory course among studied US companies. For managerial positions, there were clearly structured, globally standard training programs developed and provided at the regional HQ or corporate university. Soft skills development for leadership was the main focus of these programs. In addition, the companies’ HQs provided classroom training for lower ranking employees. Such courses aimed to unify both soft and hard skills among subsidiaries with globally standard methods adjusted to meet local requirements at the regional level. One example is US I:

“The company has its own global sales methodology, which is unique and is taught during this course. The sessions for new sales officers in Central and Eastern Europe takes into account specifics of emerging markets including Russian and Ukrainian markets. The particularities of our separate markets are collected and scrutinized in terms of this sales methodology.”

These programs were usually paid by HQ or budgeted at the subsidiary level. Managers participate in such programs once or twice a year; for example, at US Mi: *“We have a set of 12 trainings on soft skills, all of them are closely connected to our competencies. Just choose and go, nobody will interfere; the budget is formed based on the assumption, that every person goes there once or twice a year.”*

The self-learning tool was popular among IT companies, enabling employees to select any course from a global learning platform. In other industries, this tool was less useful due to the language barrier, although the HR departments of Ukrainian subsidiaries have used the global pool of courses, transforming them into appropriate courses for local employees.

For lower ranking employees and newcomers, multiple courses were provided locally or online. Online courses were offered most frequently and employees could enroll at any time. Outsourced providers typically developed and delivered these courses, as US Mi stated, *“All of them are external providers. I mean they are not local Ukrainian providers, these are providers selected at a global level, at the level of an area. Everyone is taught the same”*. Few companies were able to create and conduct training provided by internal trainers. Quarterly, classroom training is held for frontline and back-office employees, covering topics such as sales, marketing, management, personal effectiveness and leadership are covered. Accounting and technical personnel take additional courses according to market needs and when new laws and regulations are issued. Among studied companies, practices such as coaching and induction training were common. In some American companies, every back-office employee, including the managers, must do frontline work for a couple of days to gain a better understanding of the business.

Career development at US companies is designed according to the competencies achieved and is usually an employee's initiative. During the appraisal interview, the employee and manager discuss the development plan; however, for each position, an open competition is announced. For top managers, the global development program is common. Ukrainian HR managers complained that succession planning and a clear career path were still weak.

Training programs among German companies were fairly standardized; however, the localization process occurs due to factors such as crisis and maturity of the company. German H's HR manager described the training: *“The company training, for instance, which are required for the management, is something we take from the corporation system.”* The situation is similar at German M: *“There is a very strong house of training in Düsseldorf that develops standard software for the company that we take and localize, customize, amend, modify and use. The functional training we always borrow from Germany.”*

A globally standardized career development program that successfully implemented a plan for international mobility was established in one German company, German H: *“We have a unique system, which I have never seen before, called the ‘management circle’. You cannot get to the next level without mobility. There are 4 of our people working abroad. One in Mexico, one in Vienna, one in Germany, and one in Poland. One more girl has been recently transferred to Vienna”*. In French companies,

training and development programs were also well developed and designed according to the level of employees. For top management positions, the training is more in-depth and occurs mostly at the corporate level, as in French S: *“The top management receives the training at the corporate level on place at HQ or through e-learning.”* French A created a mini-MBA for upper-level management that included more in-depth training.

For French companies, mentoring occurred at production sites only. The mobility program was successful only in one studied French company, where it was a global initiative. The HR manager at French S explained: *“Mobility is one of the key programs at the corporation level. Every employee is encouraged during his appraisal interview to move not only geographically, but also to other functions and business units. In support of this program the company has developed the brochure where global mobility policy is described.”*

The dominance effect was observed in companies’ offerings of code of conduct certification. Ukraine, which is more oriented toward Europe, started the process of developing integrated training programs under the project of Incorporate University. Initiators of this project were MNCs in cooperation with several Ukrainian universities, with the support of the ministry of education and science. The main goal of this project was to realize cost efficiency in the companywide training of employees.

Performance appraisal. In US companies, the structure of the appraisal process diffused from HQ and was usually the same in every unit across the globe. This common structure involved assessment of two main parameters, the performance and potential of employees, as in US P: *“It is some kind of assessment. This is a matrix, in which we put our employees depending on their performance and potential”*. US companies also considered employees’ process of achieving results based on competencies and compliance. The model of competencies is very important in US companies and requires specific training programs. Competencies such as collaboration were challenging for some US companies, including US M:

“I had 36 competencies in my position that had to be assessed, for example, once a year, and each of them was subject of my training, and it was an overwhelming process. Well, yes, everything was described, but this was a process that could not work. I’ve never had such a competence as cooperation or collaboration.”

The results of appraisal influence the employee’s compensation and training and

development, as US I stated:

“This can be retention, or rise in wages or the combination of both since the person is a star. And, of course, the leadership programs. There are situations when a manager nominates an employee but after the interview he remarks: ‘No. This person is specifically interested in professional development only, so we cancel the leadership program for him. I will nominate him for a managerial course’.”

The appraisal system among studied German companies was also centralized and fairly standardized, with input from both HQ and the subsidiary, as German R indicated: *“The annual performance review is a formal procedure, for which the middle level managers are filling the special forms online”*. For German H, performance appraisals were standard practice and could not be changed. At German M, the HR manager stated, *“So we have a formal KPI’s and personal goals, according to which performance is measured at the end of the year.”*

The process of goal setting occurred between a supervisor and his/her subordinates, in the case of German R: *“This is something the local boss does directly with the employee: they agree to goals, they write them up, and then they evaluate performance”*. German M confirmed that observation:

“Each function develops its KPI’s independently. KPI’s for HR are developed by me, but there are hot KPI’s that are unconventional—they are developed by controlling department. Controlling department also doesn’t develop them from scratch, because there are standard things that are the same for all countries.”

The criteria for assessment include mandatory KPIs related to net sales and EBIT; thus assessment is primarily performance-oriented, as in German H: *“To put it clearly, it is not process-oriented. We do not assess the process and means used by the employee. We value the achievement itself.”* In addition, the potential and competencies of employees were assessed, which influences their compensation and career development, according to the HR manager at German H:

“First of all, the managers of other businesses, or the manager, discuss the people, their strengths and weaknesses. This creates the so-called visibility, if a person is not interesting to anyone, why discuss them. And the second aspect discussed at such development round table is the so-called high potential employees; the managers present the employees they consider to be ready for a

certain area of work. They discuss the projects carried out and positions that can be filled by that person in the nearest future.”

German R confirmed this observation: *“The evaluation is aimed at competencies and influences the qualification bonus”*. German M has a similar process: *“We have also MMP process, the middle management performance process. This is where managers discuss performance plus the potential to grow plus competences”*.

The assessment process in some German companies involved not only direct supervisors but also other departments and upper-level managers, indicating that decisions on employees’ career development were made collaboratively, as at German M: *“So in our case, this process of measurement the potential is more like negotiations between top management, where we discuss and come to some kind of opinion.”* German R has a similar procedure: *“We aren’t that many and the regional office knows most of us personally. They see the evaluations and if there are any opportunities for promotions in the region, no one need look, it’s all pretty obvious. Perhaps it is because we are so small that we can quietly live without too many formal procedures”*.

The German H HR manager stated:

“In our appraisal procedure, after an employee makes a self-assessment and is assessed by the superior, a so-called DRT (development roundtable), is held. What does this mean? This means that the business or other department get together and have a discussion ... We may say that this is a “mini-360 degrees”, because you cannot fully hold it by yourself. They discuss the projects carried out and positions that can be filled by that person in the nearest future. At first this is discussed within the business, within the country, and then at the regional level.”

In contrast to US and German companies, French MNCs have a less standardized appraisal system that is focused mostly on the managerial level and not always diffused from HQ. At a manufacturing company, the appraisal system was applied only to the “cadres” and white collar employees, while blue collar employees were not assessed (French S). Appraisal is similar to other MNCs, in the sense that it is performance-based, using financial indicators and a competency model, as French A indicated: *“So, we have motivation, which is rigidly tied to the performance results. We*

believe that people who perform better must get more. When we talk about performance results, it is about what they do and how”.

Yet, not every company has taken action against weak performance; for example, French A1: *“KPIs do exist and we are trying to keep to them to some extent, especially if they are clearly communicated. Of course, we have people with low results and potential, but we can’t replace them because external hires are prohibited”.*

French A reported that the model of competencies was developed at the local level and then pushed up:

“The assessment practice goes to the head office from us. We have 7 key KPIs, based on which we make an assessment. Moreover, in Ukraine we stepped even further, as there are 7 KPIs for the country, upon which we assess top-management, and we made up 3 KPIs, which we want people to learn about, and it affects their assessment, bonus systems, and so on.”

In French A, the appraisal process involved not only the manager and his subordinate, but employees from one level lower: *“We have a semiannual so-called calibration meeting starting from the board. First comes the Board, they discuss Minus two level, achievements-drawbacks over all competencies. Then we cascade.”*

The results of appraisal influence career development and bonuses, as French A indicated: *“The assessment system influences compensations, based on goals of competencies: What is being done and how... Therefore, we have assessments in the systems as well, both in the promotion systems, and in selection systems.”*

Compensation and Benefits. Compensation and benefits policies are very centralized and standardized in all studied US companies. According to a global structure, all salaries are tied to the grades; however, the amount of salaries is locally adjustable, as the US I HR manager explained: *“Compensations policy is not negotiable. We may suggest our proposals but we can’t take the decision independently”.* The US C HR manager provided more detail:

“In times of expats the salary was determined by the principle “how will we agree”, and now everything is systematical. The company regularly participates in reviews of levels of salaries. There is occupational gradation (senior specialist, supervisor), and there is also Ukrainian gradation of roles (department manager and etc.). A person can be assigned for salary higher than on market in some cases.”

US P used local providers to monitor the market level of salaries and inflation; their analysis was used to devise subsidiary's salaries and bonuses. As a result, the Ukrainian subsidiary could not change anything in the corporate grade structure and percentage of salary increase, although the subsidiary had full autonomy in decisions regarding where to place a particular employee: *"If we are talking about compensations, then we have the approach that our salaries must comply with median of the market. We have the providers of salaries' review. Our salaries must comply with the market. It is a postulate for us."*

All Western companies operating in Ukraine are cautious about labor laws and therefore strictly follow the rules, providing social benefits such as state pension, paid illness days, and 24 days of vacation. In addition, medical and in some cases life insurance are also included in the social package, along with immaterial benefits such as local and international recognitions.

German companies, similar to US ones, have strict control over compensation and benefits policies, providing the grade structure for salaries and bonuses. The Ukrainian subsidiaries have some freedom in setting the amounts according to the market, as German M indicated:

"As a country we define it ourselves. But there are the industrial things. You cannot, for example, set a goal to be the best paying company, because we are still connected with the industry. Certainly in the policy of payment which has been building over the past nine years, and we are now doing the shift in the last year—with performance based approach—there is division, gradation. Compared with the market, who we want to over pay, who we want to keep on the entry level pay, these are our country solutions. But when it comes to top-seven expats, it is certainly globally driven. Of course there are rules applied from Dusseldorf."

For German R:

"There's a rate scale, there's a basic rate of pay, a system of bonuses, a system of performance reviews, and so on. The system itself is absolutely the same in all countries ... In principle, this is my objective: to follow the market, to see what goes on at other companies, and to bring the vision of our board of directors in line, where it is we are going to."

6.2.5. Summary

The empirical research supports most of the propositions (See Table 47). In each company a certain effect prevailed, but it is possible to generalize the findings. Cultural resistance was observed to be as weak as institutional resistance; weakness of institutions facilitated the transfer of some standardized practices and blocked transfer of others.

Proposition 1a stated that the weak bridge between education and business contributes to recruitment through personal connections and unwillingness to provide training to students or recent graduates, and that companies prefer experienced employees only. This proposition was confirmed for half of the companies, however, there were also the ones that had the resources and desire to recruit students and to build a bridge with educational institutions using their own resources. Several cases proved that this approach was successful.

Lack of knowledge of business studies and foreign languages forced Ukrainian subsidiaries of multinational companies to provide additional training programs to compensate for these deficiencies. Proposition 1b was confirmed in 15 out of 16 companies. In German R, this issue was not observed due to the absence of expatriates at the Ukrainian subsidiary and weaker control and empowerment of the HR manager.

For Proposition 1c, only one company reported issues with employees' development, which could be explained by weaker control and weak dependence on HQ's resources, as well as a low number of expatriates.

Proposition 1d was focused on characteristics of Ukrainian employees, proposing that higher employee involvement in decision making would allow appraisal for both process and results, in contrast to the Russian system of appraisal only for results. In most of the Ukrainian subsidiaries, this proposition was confirmed, with three exceptions in US C, French S and German H. Still, the goal of performance appraisal in all studied companies was both performance improvement and career development, which supports the proposition.

Low delegation of responsibilities and direct supervision by managers (proposition 1e) were observed in only three companies, for which there is no explanation, except for German R, where relative autonomy from HQ could allow a host country practice to emerge.

Individual negotiation for compensation and high wage differentials (Proposition 1f) were observed in only those companies with the lowest level of

standardization of HRM practices, or the least dependence on HQ's resources or where HQ's control was lowest. These companies included US B, French A, French S and German R.

Proposition 1g described host-country effects common for post-Soviet countries, where rewards tied to the employee's position instead of skills or potential and compensation package includes profit sharing. These practices were not observed in any of the studied companies.

Proposition 2, regarding cultural characteristics of Ukrainian employees, was partly confirmed, which highlights the importance of individual benefits among all the studied companies. Yet, examples of profit sharing and initiative taking were found in only three cases. The cultural characteristic of low future orientation was observed in only two companies, US P and French A.

The propositions on contingency factors (3a, 3b, 3c) were not observed in the majority of the companies, although the propositions on coordination mechanisms, especially on the level of control and empowerment of the HR function (proposition 3g and 3h) were helpful in explaining the standardization process among studied companies. Proposition 3i about the number of expatriates was also confirmed, with a minor clarification. The number of expatriates in top positions is more important for higher standardization of management practices. Because most of the studied companies had a transnational strategy in which the subsidiary could adapt management practices, Proposition 3j was not confirmed.

Proposition 4 was completely confirmed, illustrating the fact that weak institutions in Ukraine allow the transfer of such globally standardized HRM practices such as competency-based selection, extensive training and development programs, formal performance appraisal systems, structured compensation systems, nonmonetary benefits, and strong corporate culture.

Table 47. Empirical validation of propositions in Ukraine

N	Propositions		Ukrainian companies															
	Barriers or Facilitators to transfer	HRM and management practices	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1a	Weak bridge between education and business	Recruitment through personal connections and unwillingness to provide training to students or recent graduates, looking for experienced employees only	+	+			+	+	+	+					+		+	
1b	Undeveloped vocational training in business and gaps in Soviet public education	Deficiency in knowledge of business studies and foreign languages requires extensive training in these areas	+	+	+	+	+	+	+	+	+	+	+	+	+		+	+
1c	The credit-based finance system	Low employer-employee interdependence, high employee turnover, unwillingness to invest in personnel development	+															
1d	Higher involvement in decision making	Appraisal of the process and for career development	+	+	+	+		+	+	+	+	+			+	+	+	+
1e	Low trust and lack of formal procedures	Low delegation of responsibilities and direct supervision by manager					+									+	+	
1f	Neo-corporatist arrangements	Lower wage differentiations						-				-	-			-		
1g	The credit-based finance system	Profit sharing, Rewards are tied to employee's position instead of the skills																
2	Cultural characteristics	Individual benefits Initiative taking	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+

3a	Larger number of employees	Home country practices						+					+						
3b	Older subsidiaries	Standardized practices		+			+		+	+									
3c	Greenfield	Standardized practices			+	+			+	+	+					+			
3d	Higher foreign ownership	Standardized practices	+	+	+	+	+		+	+	+			+	+		+	+	
3e	An international background of HR manager	Standardized practices																	
3f	. A stronger subsidiary dependence on HQ's resources	Standardized practices																	
3g	Lower control	Home country practices		+	+	+	+	+		+	+	+	+	+		+		+	
3h	Empowered HR function	Standardized practices	+	+	+	+	+	+	+	+	+	+	+		+	+		+	+
3i	High number of expatriates	Standardized practices		+	+	+				+				+					+
3j	Global vs. multi-domestic strategy	Standardized vs. localized practices											+						
4	Weak institutions	Competency-based selection, extensive training and development programs, formal performance appraisal system, structured compensation system and nonmonetary benefits, and strong corporate culture.	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
5	the work systems characteristics are different from typical for Ukraine and Russia	Standardized HRM practices																	

6.2.6. Comparative Analysis of Russian and Ukrainian Subsidiaries

The interviewees from Ukraine who reported to a Russia office (the majority of the respondents) or who had experience working in Russia were able to share their opinion on differences between the Russian and Ukrainian business styles.

The HR manager of a French telecommunications company stated that the centralization process began when the Ukrainian subsidiary was moved under the

control of the Russian regional office. Before, when the Ukrainian subsidiary reported to the European office, there was more autonomy. Concerning cultural differences, the manager observed superficiality and a difference in communication methods. The French A1 HR manager explained the potential for superficiality to have a negative impact on the quality of work: “They work on a market much bigger than ours. It’s easy to sell everything there, because the demand is high. They have many people and huge territory. They don’t have our values like client intimacy or customer first. They have a different approach”. The French A1 manager described the communication style:

“I wouldn’t call it harsh; they do not feel offended by each other. But it is too direct and always makes people want to justify themselves. It’s not diplomatic at all. I would call it as army style. But they don’t consider it as negative. But for us it is always a source of stress and discomfort. Our people waste too much energy to adapt to this manner, and only after that start solving business tasks. This manner appears in everything, from letters and tone to setting tasks. I also often get to situation like that despite the fact that I have a very good boss.”

As an example of the communication style, the French A1 manager added: *“During the active correspondence, when people discuss a problem and ways to deal with it, a Russian manager suddenly writes to his Ukrainian subordinate a letter with just one phrase: ‘Please do!’ And I understand that subordinate doesn’t feel comfortable anymore. The manager doesn’t consider it necessary to voice his opinion or to give some intro, at least something.”*

For the Ukrainian HR manager, the issue of communication with Russian colleagues called for action. As a result, focus groups were formed, and the question of communication was raised. The discussion brought up an interesting point at French A1:

“During teamwork, on training sessions, when among participants were not only Russians, but also Europeans, everything was different. Of course, sometimes it was also harsh with even some kicks, but the manner was more respectful. In fact, the Russian approach has no management system, no task setting, and no feedback.”

Such communication is common for Russians. The Ukrainian HR manager of a French company witnessed once how a colleague from the Russian subsidiary forced employees to participate in an engagement survey; employees were not properly informed on the purpose of such survey and therefore provided biased answers.

In support of the above argument, another HR manager of a Ukrainian subsidiary, US Mc, which was also transferred to Russian supervision stated:

“When our company decided to make a restructuring at the global level and to subdue Ukraine to Russia, the Russians simply said—‘Now you will work the same way as we do’. Long time we tried to explain them that we are not Russia, that we have evolved differently, that people are different, and that if we have our own way, his means that we’ve already passed through something, learned the hard way and so on and so forth, indeed. The case laid in the fact that over an eight-month period our unit has de facto lost 15 top managers.”

French colleagues consider their Ukrainian counterparts to be more open and oriented toward Europe than Russians, according to the French A HR manager. The example of a US company (US M), where the Ukrainian HR manager dealt with Russian colleagues, shows that in Ukraine people are significantly less hierarchical and prefer equal communication:

“Even if we are on the meeting with American managers, we don’t get the feeling that they are bosses, and we are subordinates. Communication is on a par. While Russians are very aggressive, and send the under-context message like ‘we can trample you down, we are not afraid of anyone’. Just like Putin.”

Still, the US M manager acknowledged that Ukraine is still close to the Russian culture: *“We are closer to Russian type. It’s hierarchy, but without any royal manners. Manager has a friendly face here”*. This hierarchy could be explained by Ukrainian history. Ukraine was always a quiet nation on the border with a very powerful nation, and to survive the population had to adjust to new rulers, which affected Ukrainians’ mentality.

The Ukrainian HR manager of German M, who had worked in Moscow, emphasized the European orientation in Ukrainian culture:

“Ukraine is more focused on Europe and European practices, while Russia is fixated on itself and has the right for it. The Russian the companies have

hundreds of thousands of employees; Ukrainian business is as small for them as a 'sandbox'. Such scale gives a great experience and other skills, ability to be effective, to work with leaders at different levels, etc. Thus, Ukrainian HR field, despite the fact that it is focused on Europe, is watered down by the Russian expertise ... The Russian mentality is more "customized" to changes, which occur fast. Contrary, the Ukrainian mentality fights against changes. I don't know what happened. Perhaps it is the influence of the crisis. There is a post-traumatic shock that is felt everywhere and in my staff as well. We have some infinite crazy fear of the smallest change."

At least two Ukrainian HR managers of US companies mentioned that they would not work in this company if control were transferred to Russia. The US P manager explained:

"When Ukrainian business starts reporting to Russia, it starts to slow down. They pay less attention to our business, considering Ukraine as one of the parts of Russia, so they are just copy-pasting their approaches and strategies. Some of them do fit here, but our markets are still different ... They (Russians) actually don't see the difference, they think that we are the same."

As a confirmation of the previous statement, the Russian HR manager working at the Ukrainian subsidiary of Swiss N noted: *"I was raised in the Soviet Union. Today Ukraine is different country. But before we were the one state. The first university I tried to get in was Kiev State University. So for me it was one area, one space"*.

In Russia, flexible work hours are already widespread, while in Ukraine labor law restrictions prevent implementation of flexible hours. The diversity policy is another example of resistance in Ukraine compared to Russia, as the HR manager of German H explained:

"The culture is different here. I cannot force people to change their values. Ukraine is different. I will tell you about Russia. When we were launching our new hair dressing brand, we carried out public surveys. The survey in Russia showed that the things valued by the Russian women are as follows: career in the first place, followed by financial support, health, and only then by family and everything else. According to the survey of the Ukrainian public, the first place belongs to the family, health is second, with personal fulfillment, which

does not have to be achieved in the career, goes third, and the fourth place is given to career and everything else. In Ukraine, there is a general decline in the interest in career. In general, this is not important for them at the moment.”

The turnover difference was higher in Russia than in Ukraine, as the HR manager for French A1 observed:

“Attrition rate, it is much higher in Russia, because labor market there is totally different. It is very alive there, everyone calls someone, and everyone goes to interviews. Also there’s a strong competition from Russian raw materials companies. They are big, there are more of them. So Russia has high turnover rate and they don’t have target on this indicator. But I think it’s still our plus that we have a low attrition rate. Yes, I am aware that there are reasons for that. Firstly, there’s nowhere else to go. Our market is small and still in stagnation. But still if people feel bad, they will always find a place to go. And second, we have a good climate, you can feel comfortable working here.”

The comparison of two US companies operating in both Russia and Ukraine, US M and US Mi, showed that globally standardized practices were similar in both countries, while local initiatives were different. The study also found that for US companies, flexible working hours were easily implemented in Russia but were difficult to implement in Ukraine because of labor laws. In addition, both companies reported that the Ukrainian labor market is less fluid, and thus ‘war for talents’ is fiercer. Ukrainian subsidiaries are more focused on designing and implementing programs for high-potential employees (HiPo) and succession planning programs than their Russian colleagues. Last, in Ukraine it is easier to recruit through personal contacts because of the considerably smaller market.

6.3. Internal factors on the standardization of HR practices in Ukrainian subsidiaries

6.3.1. Descriptive statistics: survey in Ukraine

In order to analyze the collected in Ukraine data, descriptive statistics were initially performed. The complete analysis is provided in Appendix 5, while main characteristics will be presented and discussed further here. A table 48 contains

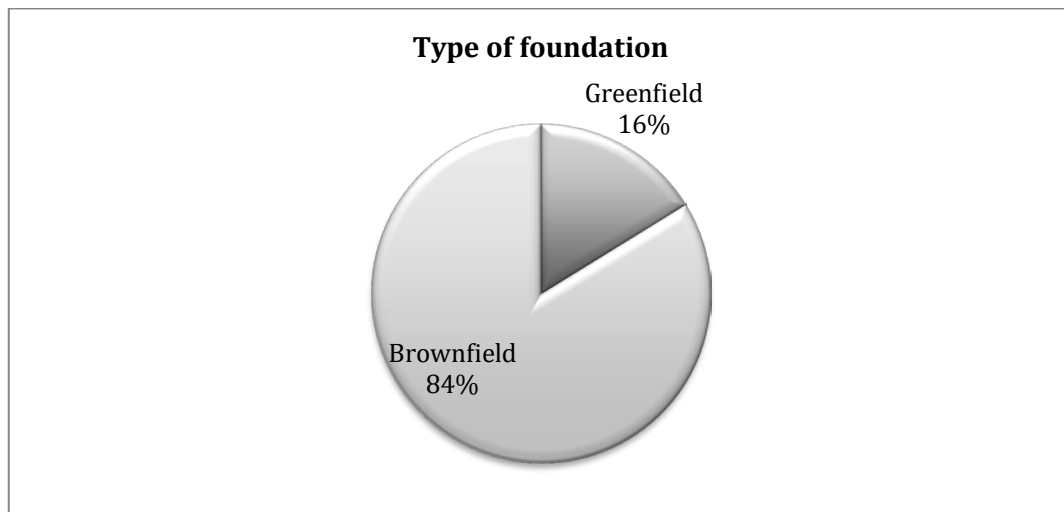
information about such contingency factors as size and age of studied companies, as well as the type of their foundation and percent of foreign ownership.

Table 48. A summary of major characteristics of the sample

No of question	Variable	Frequency	Mean	Median	Min	Max
2	Size		960	300	30	7200
3	Age		15.13	16	1	40
3	Ownership	97.1% - total ownership 2.9% - 97% of ownership			97%	100%

Total 41 questionnaires were filled by HR managers of multinational companies in Ukraine. Minimum size of studied companies was 30 employees, and the maximum was 7200 employees. The mean of companies size is 960 and median is 300 employees. Most of the studied companies were founded through Brownfield (83.8%), entering Ukrainian market via merges and acquisitions, and only 16.2% of studied companies were set up as a Greenfield (Figure 22). Out of 41 companies only one had less than 100% of foreign ownership.

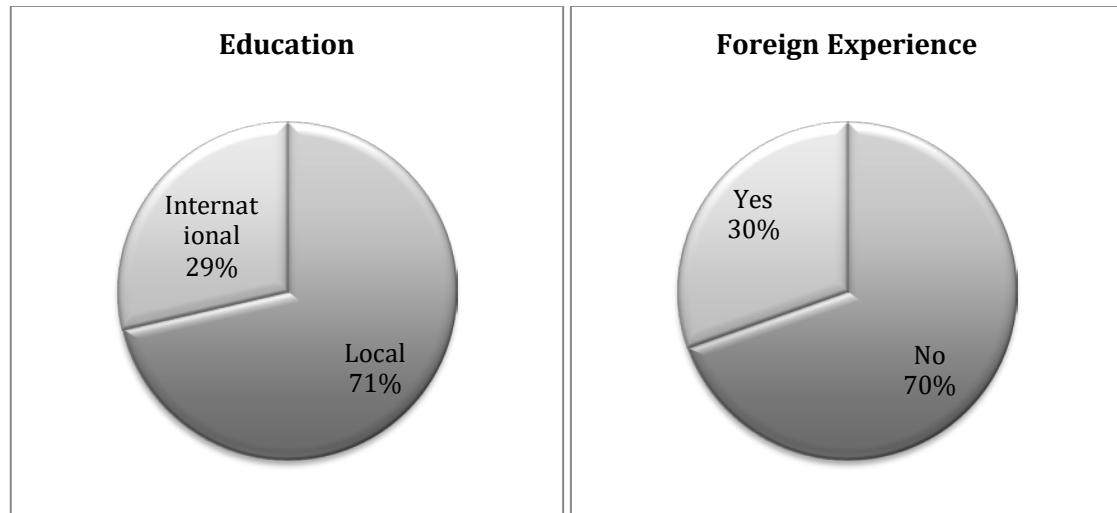
Figure 22. The type of foundation in studied companies



The next part of the questionnaire was dedicated to the profile of HR manager and contained questions regarding his/her education and foreign experience. Figure 23 illustrates the data. Only 29% of respondents obtained their diploma abroad or had international qualification. Majority of HR managers (71%) were educated locally. On

question about foreign experience among HR managers only 30.3% responded YES and the rest reported NO.

Figure 23. The education and foreign experience among HR managers



The dependence of subsidiary on HQ's resources was reported by respondents as being significant for all four categories (Table 49). The mean for product dependence is 3.13 on the 5-item Likert scale (1 is very low and 5 is very high), for technology – 3.47, for purchase – 3.05, and for sales and marketing – 3.06.

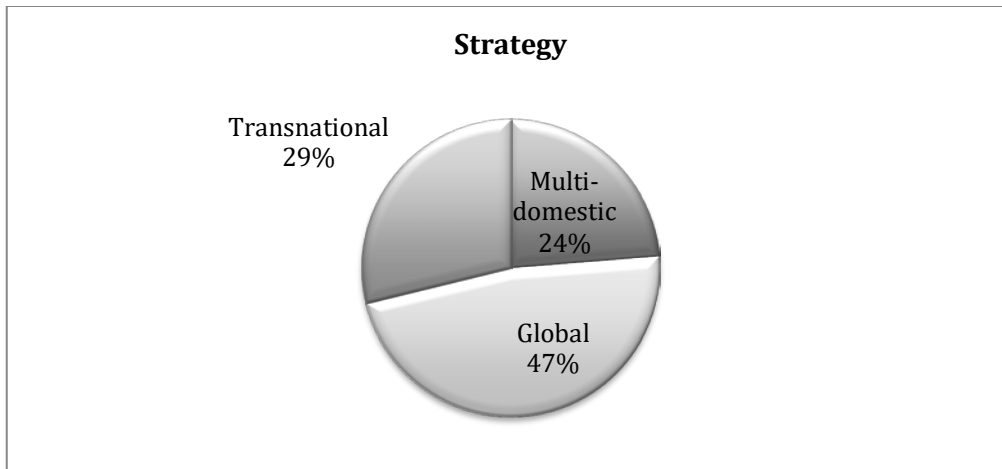
Table 49. The dependence of subsidiary on HQ's resources

N		Mean	Median	STDEV	Min	Max
8	Dependence on product	3.13	3	1.26	1	5
9	Dependence on technology	3.47	3	1.18	1	5
10	Dependence on purchasing	3.05	3	1.2	1	5
11	Dependence on sales and marketing	3.06	3	1.13	1	5

The corporate strategy was defined by two questions in the questionnaire and measured on the 5-item Likert scale from strongly disagree (1) to strongly agree (5). A higher number for the first question assigns the company to a Multi-domestic strategy, while higher number for second question represents Global strategy. The cases when both questions had the similar answers within the same company were assigned to Transnational strategy. The Global strategy was prevailing among studied companies representing 47.4 %, while Multi-domestic strategy was observed in 23.7%, and

Transnational in 28.9 % (Figure 24).

Figure 24. Strategies among studied companies



The next section of questionnaire was focused on work system. According to Whitley (1999) there are 5 major characteristics which represent the work system of a company, they are (1) Degree of company commitment to retaining its core workforce and provide employment security, (2) Degree of task fragmentation and specialization, (3) Degree of worker discretion over how tasks are performed and involvement in problem solving, (4) Degree of separation of, and segmentation between, managers and workers in their backgrounds and skills, and (5) Delegation of responsibilities. As Table 50 shows most of the companies reported Considerable level for all work system characteristics, which is inconsistent with Hypothesis of local work system. It can be explained by global strategy and high level of transfer of Western management practices.

Table 50. Work system in studied companies

N	Question	Mean	Median	Standard deviation	Min (Low)	Max (High)
14	(1) Retaining	4.13	4	0.86	1	5
15	(2) Task fragmentation	3.72	4	1.05	1	5
16	(3) Worker discretion	3.82	4	0.85	2	5
17	(4) Separation	3.54	4	1.07	1	5
18	(5) Delegation	3.9	4	0.82	2	5

The degree of formal and informal control by HQ was measured by 7 questions (Table 51). First 4 questions were focused on formal control: (1) Autonomy of decision making, (2) standardization of rules and procedures, (3) control of output by HQ., and

(4) Type of planning from HQ. The following 3 questions were designed to measure informal control: (5) Global management programs, (6) Corporate culture and values, and (7) informal communication channels. Additional question (8) was focused on managerial control other the task performance.

Table 51. Formal and informal control in studied companies.

N	Questions	Mean	Median	St. dev.	Min (Low)	Max (High)
1	In some multinationals decision-making is largely centralized at headquarters, while in other firms subsidiaries have considerable autonomy. Please indicate this subsidiary's autonomy to decide its own strategies and policies.	3.18	3	0.98	1	5
2	Some multinationals have written rules and procedures for everything and employees are expected to follow them accurately. Other firms do not have such strict rules and procedures. Please indicate the kind of rules/procedures that headquarters exerts towards your subsidiary	3.74	4	1.04	1	5
3	Some multinationals exert a high degree of output control, by continuously evaluating the subsidiary results through submission of records, reports and by direct supervision. Other firms exert very little output control beyond the requirement of occasional financial reports. Please indicate the degree of output control that headquarters exerts towards your subsidiary.	4.18	4.5	0.96	2	5
4	Some multinationals have a very detailed planning, goal setting and budgeting system that includes clear-cut (often quantitative) objectives. Other firms have less developed systems. Please indicate the type of planning that headquarters uses towards this subsidiary.	4.00	4	0.82	2	5
5	Some multinationals make extensive use of international management training programs, where executives from different subsidiaries and headquarters attend courses that deal with the transfer of company-specific knowledge. What has been the participation of this subsidiary's executives in this kind of training programs?	3.73	4	1.11	1	5
6	Some multinationals attach a lot of value to a strong "corporate culture" and try to ensure that all subsidiaries share the main values of the firm. Others do not make these efforts (or have made it without success). Please indicate to what extent the executives in this subsidiary share the company's main values and corporate culture.	4.15	4	1.04	1	5
7	Some multinationals have a very high degree of informal communication among executives of the different subsidiaries and headquarters. Other firms rely exclusively on formal communication channels. Please indicate the level of informal communication between the executives of this subsidiary and headquarters/other subsidiaries of the group	3.41	3	1.12	1	5
8	Managerial control over task performance, work organization and allocation?	4.03	4	0.58	3	5

As table 51 shows both formal and informal control by HQ represents significant degree among studied companies. First question has the lowest mean of 3.18 and median of 3 signifying the reverse nature of this question. The degree of autonomy to decide its own strategies and policies was reported as being low or some by 59 % of respondents (Appendix 5). The highest degree of control was observed for the output

(mean 4.18, median 4.5, standard deviation 0.96) and the corporate culture (mean 4.15, median 4, standard deviation 1.04). The planning that headquarters uses towards its Ukrainian subsidiary was also observed as being very detailed with mean 4.00 and lowest standard deviation 0.82. The last question on managerial control over task performance, work organization and allocation was also reported being high (mean 4.03, median 4, standard deviation 0.58) representing the highest level of consistency in the answers. Notwithstanding, the degree of Ukrainian executives participation in international management training programs was slightly lower (mean 3.73, median 4) as well as degree of informal communication among executives of the different subsidiaries (mean 3.41, median 3).

The table 52 illustrates the role of HRM in Ukrainian subsidiary through three following questions. The first one indicates weather the HR manager at Ukrainian subsidiary is on Board of directors. The next one discovers weather the company sees HRM practices as being important for firm performance. And the last one measures the degree to which Western HRM practices represent competitive advantage and therefore should be transferred to Ukraine.

Table 52. The role of HRM in studied companies

N	Questions	Mean	Median	Standard deviation	Min (Low)	Max (High)
27	Is HR manager on Board of Directors	0.69	1	0.47	0 - no	1 - yes
28	Please indicate the extent to which the contribution of HRM practices towards firm performance is important.	4.16	4	0.79	2	5
29	Please indicate to what extent the following statement is true: "The headquarters management believes that the company's specific HRM practices are a source of competitive advantage and should be transferred to the overseas subsidiaries".	3.95	4	0.81	2	5

The results show that majority (66.7%, see appendix 5) of HR managers at Ukrainian subsidiaries are on board of directors and consequently have decision power. It is also illustrated by median of 1 and mean of 0.69 with standard deviation of 0.47. The next two questions resulted in significant level of importance of HRM at Ukrainian subsidiaries (mean 4.16) as well as desire to transfer Western HRM practices, in order to gain a competitive advantage (mean 3.95, median 4).

Recruitment and Selection

In order to analyze and evaluate the recruitment and selection (R&S) practices at Ukrainian subsidiaries several questions were asked (Table 53). Firstly the level of transfer and standardization was measured by three questions, where respondents had to evaluate whether R&S are similar to HQ (1), Developed locally (2), or Transferred from HQ and adapted to local conditions (3) on 5 items scale. Next question was focused on graduate recruitment (4) provided by the subsidiary. And the last one (5) was meant to measure the percentage of expatriates at Ukrainian subsidiary.

Table 53. The extent of standartisation of reruitment and selection practicies.

N	Questions	Mean	Median	Standard deviation	Min (Low)	Max (High)
1	The methods and the criteria of recruitment are similar to HQ	3.67	4	0.96	2	5
2	The methods and the criteria of recruitment were developed locally	3.03	3	1.22	1	5
3	The methods and the criteria of recruitment were transferred from HQ and adapted to local conditions	3.49	4	1.48	1	5
4	Does your subsidiary have graduates recruitment?	0.61	1	0.5	0- no	1 - yes
5	What is the percentage of expatriates in relation to total staff in the subsidiary	11.31	1.5	17.64	0	60

The results from the table 53 show that recruitment methods and criteria were similar to HQ in most of the studied companies with mean 3.67, median 4 and standard deviation 0.96. However, results also show that some of standardized R&S practices were adapted to local conditions (mean 3.49, median 4, standard deviation 1.48). Such high standard deviation illustrates the significant discrepancy in responses to this question. Concerning the locally developed R&S practices the results remain consistent with previous findings, showing that remaining minority (about 39 %, see appendix) of Ukrainian subsidiaries (mean 3.03, median 3, standard deviation 1.22) had to develop it locally. To conclude, it is quite obvious that the sample was split on 3 equal groups of companies, the first one had highly standardized R&S practices, the second one had to adapt standardize practices to local conditions and the last one developed R&S practices independently from HQ.

The questions concerning graduate recruitment showed that 59% (see appendix 5) of studied companies have graduate recruitment (median 1).

The number of expatriates in studied subsidiaries is vey low (median 1.5); however, several companies reported the opposite (up to 60%, see appendix 5).

Training and Development

In order to analyze and evaluate the training and development (T&D) programs at Ukrainian subsidiaries, similar approach was implemented (Table 54). Firstly the level of transfer and standardization was measured by three questions, where respondents had to evaluate whether T&D are similar to HQ (1), Developed locally (2), or Transferred from HQ and adapted to local conditions (3) on 5 items scale. Next question was focused on managerial development programs asking whether the company was offering national or international, if any, development programs for their managers (4). And the last one was meant to identify if Ukrainian subsidiary provides internship programs (5).

Table 54. The extent of standartisation of training and development practicies.

N	Questions	Mean	Median	Standard deviation	Min (Low)	Max (High)
1	The amount and content of training are similar to HQ	3.39	4	1.15	1	5
2	The amount and content of training were developed locally	3.08	3	1.46	1	5
3	The amount and content of training were transferred from HQ and adapted to local conditions	3.46	4	1.58	1	5
4	Do you have development program?	2.03	3	1.11	0 - no	3 international
5	Does your subsidiary have internships?	0.58	1	0.5	0-no	1-yes

Similar to Recruitment and Selection, the Training and Development at Ukrainian subsidiaries has standardized character in most of the companies (mean 3.39, median 4). Locally developed T&D programs were observed in about 37% of studied companies (see appendix 5) with mean 3.08 and median 3. Notwithstanding, a significant number of companies adopt western T&D programs to Ukrainian context (Mean 3.46, median 4).

The questions concerning graduate recruitment and internship programs proved consistency, since 59% of studied companies reported that they have graduate recruitment and 56.4% confirmed that their subsidiaries provide internship programs (see appendix 5).

Performance Appraisal

The next HRM practice was Performance Appraisal, which was also measured by 3 questions focused on degree of standardization (Table 55). The respondents were asked to measure on 5 item Likert scale: (1) The criteria and the methods used to assess the performance of professionals and managers are similar to HQ, (2) The criteria and the methods used to assess the performance of professionals and managers were developed locally, (3) The criteria and the methods used to assess the performance of professionals and managers were transferred from HQ and adapted to local conditions.

Table 55. The extent of standartisation of performance management practicies.

N	Questions	Mean	Median	Standard deviation	Min (Low)	Max (High)
1	The criteria and the methods used to assess the performance of professionals and managers are similar to HQ.	4.18	4.5	1.04	1	5
2	The criteria and the methods used to assess the performance of professionals and managers were developed locally	2.53	2	1.59	1	5
3	The criteria and the methods used to assess the performance of professionals and managers were transferred from HQ and adapted to local conditions.	3.58	4	1.65	1	5

The table 39 highlights the extremely high level of standardization of Performance management practice at Ukrainian subsidiaries (mean 4.18, median 4.5). The degree of local intervention in Performance management, on the other hand, is very low (mean 2.53, median 2). At the same time majority of respondents reported that such standardized performance management practices had to be adapted to local conditions (mean 3.58, median 4).

Compensation and benefits

The final part of the questionnaire was focused on Compensation and Benefits (C&B) practices. Consistently 3 questions were asked for each practice in order to measure the degree standardization (table 56).

Table 56. The extent of standartisation of compensation and benefits practicies.

N	Questions	Mean	Median	Standard deviation	Min (Low)	Max (High)
1	The relative importance of financial bonuses as a percentage of total compensation, and the criteria employed to determine the bonus are similar to HQ	3.51	4	1.1	1	5
2	The criteria employed to determine the bonus were developed locally	2.97	3	1.47	1	5
3	The financial bonuses and the criteria employed to determine them were transferred from HQ and adapted to local conditions	3.37	4	1.5	1	5
4	Social package and bonuses are similar to HQ	2.5	3	1.11	1	5
5	Social package and bonuses were developed locally	3.92	4	1.08	1	5
6	Social package and bonuses were transferred from HQ and adapted to local conditions	3.25	3	1.36	1	5

The results in table 56 show that financial part of compensation was more standardized (mean 3.51, median 4), with some adaptation to local conditions (mean 3.37, median 4). The locally determined bonuses were observed in fewer companies (mean 2.97, median 3). Contrary, the social package was developed locally in most of the companies (mean 3.92, median 4), while its standardization took place in fewer companies (mean 2.5, median 3).

6.3.2. Statistical analysis of survey in Ukraine: the impact of internal factors on standardization of HRM practices

In order to test hypotheses derived from proposition 3, the statistical analysis was applied. The complete correlation analysis is presented in Appendix 5, while significant correlations will be presented and discussed further here. The Spearman's rho is consistently higher than Kendall's tau_b and therefore will be presented in analysis. A chi-square test was used analyzing relationship between two categorical variables and provided in Appendix 5. As the report (Appendix 5) shows, few factors have significant impact on standardization or transfer of HRM practices at Ukrainian subsidiaries. Among such contingency factors as size, age, type of foundation and ownership only the size had significant correlation with one of HRM practices at Ukrainian subsidiaries. As it is illustrated in table 57, the size of subsidiary has significant impact on Benefits, which were adapted to local conditions. Smaller companies reported higher extend of adaptation of transferred from HQ standard benefits to local conditions (Spearman's rho is -.339, sig. 0.034).

Table 57. Contingency factors (Size)

Variables	Size	Test
Adapted Benefits	-.276 0.024	Kendall's tau_b
	-.339 0.034	Spearman's rho

These findings partly confirm proposition 3a, which states that larger subsidiaries (with more employees) are more likely to follow home country practices.

Propositions 3b and 3c were rejected since no correlation was found. Concerning the proposition 3d, it is difficult to judge since only one company had less than 100% of foreign ownership.

Proposition 3f states that a stronger subsidiary dependence on HQ's resources would facilitate transfer of HRM practices from HQ. The table 58 shows that the degree on dependence on HQ's resources has impact on standardization of HRM practices at Ukrainian subsidiary. The Spearman's rho is consistently higher than Kendall's tau_b coefficient for all parameters. In subsidiaries with lower dependence on HQ resources were observed international management development programs. For all subcategories, which are product, technology, purchase and sales, the correlation was significant and reversed. The performance management system is more similar to HQ's in subsidiaries with lower dependence on Sales (Spearman's rho is -.385, sig. 0.012). The financial part of compensation in form of bonuses is more similar to HQ's in subsidiaries with higher dependence on Product (Spearman's rho is .365, sig. 0.018). It is also confirmed with the next variable, which shows that bonuses are more local in subsidiaries with low dependence on Product (Spearman's rho is -.405, sig. 0.008) and Technology (Spearman's rho is -.365, sig. 0.018). Adaptation of HQ's Benefits to local conditions was observed in subsidiaries with higher dependence on Purchase (Spearman's rho is .475, sig. 0.002).

Table 58. Dependence on HQ's resources

Variables	Product	Technology	Purchasing	Sales	Test
Management Development	-.371 0.006	-.346 0.011	-.176 0.188	-.377 0.005	Kendall's tau_b
	-.432 0.004	-.392 0.010	-.202 .200	-.447 0.003	Spearman's rho

Diffused Training	.375 0.004	.259 0.047	.291 0.024	.351 0.007	Kendall's tau_b
	0.440 0.004	.311 0.48	.349 0.025	.428 0.005	Spearman's rho
Appraisal HQ			-.263 0.046	-3.27 0.014	Kendall's tau_b
				-.385 0.012	Spearman's rho
Compensation HQ	.320 0.015				Kendall's tau_b
	.365 0.018				Spearman's rho
Compensation local	-.339 0.008	-.299 0.019			Kendall's tau_b
	-.405 0.008	-.365 0.018			Spearman's rho
Benefits adapted			.366 0.004		Kendall's tau_b
			0.475 0.002		Spearman's rho

In overall, the proposition 3f that the level of dependency on HQ's resources has impact on standardization of HRM practices at subsidiary was confirmed. Significant correlation was observed for most of the HRM practices, except recruitment.

Work system

The characteristics of work system, which are common for local businesses in Ukraine, were defined based on Whitley's (1999) theory as follow: low retention of employees, low task fragmentation, low discretion, high worker-manager separation and low delegation. The column with Worker-Manager Separation is highlighted with gray to differentiate the direction of relationship from other variables. The results presented in table 59 show that there is strong correlation between the level of standardization of several HRM practices and the work system at the companies.

Table 59. The characteristics of work system in studied companies.

	Retaining	Task fragmentation	Worker discretion	Separation	Delegation	Test
Expatriates					.303 .014	Kendall's tau_b
					.398 .009	Spearman's rho
Adapted training			.379 .004		.231 .001	Kendall's tau_b
			.429 .005		.519 .001	Spearman's rho
HQ Appraisal	.292 .036					Kendall's tau_b
	.344 .026					Spearman's rho
Local Appraisal		.276 .035				Kendall's tau_b
		.340 .027				Spearman's rho
Adapted Appraisal			.394 .003			Kendall's tau_b
			.462 .002			Spearman's rho
Local Bonuses			.261 .046	.311 .015		Kendall's tau_b
			.331 .032	.377 .014		Spearman's rho
Adapted bonuses			.337 .011	.263 0.42		Kendall's tau_b
			.410 .007	.312 .044		Spearman's rho
Local Benefits			.439 .001	.276 .034	.329 .013	Kendall's tau_b
			.503 .001	.335 .030	.380 .013	Spearman's rho
Adapted Benefits			.397 .003		.272 .040	Kendall's tau_b
			.469 .002		.330 .035	Spearman's rho

As it is shown in table 59, the higher degree of retaining of employees at Ukrainian subsidiaries is correlated with performance management practices, which are similar to HQ (Spearman's rho is .344, sig. 0.026). However, higher task fragmentation showed correlation with locally developed performance management practices (Spearman's rho is .340, sig. 0.027). A higher level of worker discretion was significantly correlated with most of the HRM practices. Among such practices the ones, which were transferred from HQ and then adapted to local conditions were are the training programs (Spearman's rho is .429, sig. 0.005), performance management

(Spearman's rho is .462, sig. 0.002), bonuses (Spearman's rho is .410, sig. 0.007), and benefits (Spearman's rho is .469, sig. 0.002). Higher worker discretion had also showed significant correlation with local bonuses (Spearman's rho is .331, sig. 0.032), and benefits (Spearman's rho is .503, sig. 0.001).

These findings are not fully consistent with propositions 1 and 5 showing that the work system that is presumably different from Ukrainian national context resembles local HRM practices. This can be explained by proposition 2 that Ukrainian culture demands higher level of freedom and involvement of employees, which differs it work system from the Russian one described in Proposition 1.

Notwithstanding such work system characteristic as a worker-manager separation supports the hypothesis and shows significant correlation between higher level of separation and local bonuses (Spearman's rho is .377, sig. 0.014), and local benefits (Spearman's rho is .335, sig. 0.030).

A higher level of delegation was found in subsidiaries with higher number of expatriates (Spearman's rho is .398, sig. 0.009), adapted training programs (Spearman's rho is .519, sig. 0.001), and with local benefits (Spearman's rho is .380, sig. 0.013). Referring to proposition 3i, a higher number of expatriates would facilitate transfer of HRM practices from HQ, these findings support the statement.

Strategy

The types of strategy, which are Multi-domestic, Global or Transnational had statistically significant impact only on compensation and benefits practices at Ukrainian subsidiaries (Appendix 5). Cross-tabs test shows that there is strong association between the Strategy and Bonuses similar to HQ ($\chi^2(8) = 16.025$, $p = 0.042$). In subsidiaries with Global strategy financial bonuses were similar to HQ, which is in line with proposition 3j.

The next significant association was found between Strategy and Bonuses developed locally ($\chi^2(8) = 16.121$, $p = 0.041$). In subsidiaries with Global strategy financial bounces were not developed locally, confirming again proposition 3j.

Finally, the test confirmed significant association between the strategy and benefits developed locally ($\chi^2(8) = 16.443$, $p = 0.036$). The Benefits were developed locally in subsidiaries with any type of strategy, but mostly in Transnational.

Parent Control

Control mechanisms were measured by four questions about formal parent control, three questions about informal parent control and one question on managerial control. The table 60 shows significant correlations between control and standardization of HRM practices confirming proposition 3g that lower HQ-subsidary control reproduces lower standardization of HRM practices.

Table 60. Control mechanisms in studied companies.

Variables	Strict rules and procedures	Culture	Informal communication	Test
Adapted Recruitment			.450 .000	Kendall's tau_b
			.527 .000	Spearman's rho
Expatriates			.324 .007	Kendall's tau_b
			.400 .009	Spearman's rho
Training adapted			.400 .002	Kendall's tau_b
			.482 .001	Spearman's rho
Appraisal HQ	.350 .009	.311 .021		Kendall's tau_b
	.402 .008	.359 .019		Spearman's rho
Compensation adapted			.320 .013	Kendall's tau_b
			.404 .008	Spearman's rho
Benefits adapted			.271 .036	Kendall's tau_b
			.322 .040	Spearman's rho

Results show that informal communication has statistically significant correlation with most of the HRM practices. Companies where informal communication with HQ was well established reported that their recruitment and selection practices were transferred from HQ and adapted to local conditions (Spearman's rho is -.527, sig. 0.00). The similar case was observed with Training (Spearman's rho is -.482, sig. 0.001), bonuses (Spearman's rho is -.320, sig. 0.013) and benefits (Spearman's rho is -.322, sig. 0.040). The number of expatriates had also impact on informal communication between HQ and Ukrainian subsidiary. In subsidiaries with higher number of expatriates informal communication was stronger (Spearman's rho is -.400,

sig. 0.009). Appraisal, however, was transferred from HQ without adaptation in companies where rules and procedures (Spearman's rho is -.402, sig. 0.008) as well as corporate culture (Spearman's rho is -.359, sig. 0.019) were highly regulated by HQ.

Importance of HRM

Another factor, which might have an impact on level of standardization of HRM practices, is the empowered HRM function at Ukrainian subsidiary. As proposition 3h states, empowered HR functions within an MNC's subsidiary would facilitate transfer of HRM practices from HQ. Three questions were asked in order to verify the impact of this factor. The first one concerning the presence of Ukrainian HR manager on Board of Directors has nominal values (Yes / No), while other two concerning the importance and Western preference for the transfer have ordinal values from 1 to 5. The association between the variables was tested accordingly (Appendixes 6 and 5).

For the first question the crosstabs analysis was performed. Statistically significant association of position of HR manager was found with Bonuses similar to HQ ($\chi^2(4) = 10.137$, $p = 0.038$). In subsidiaries with Higher level of standardization of bonuses, Ukrainian HR manager is on Board of Directors. This finding is in line with proposition 3h.

Another significant association was found with Bonuses developed locally ($\chi^2(4) = 9.606$, $p = 0.048$). In subsidiaries where Ukrainian HR manager is on the Board of Directors bonuses were not developed locally.

The questionnaire contains another two questions concerning the importance of HRM function at subsidiary. As it is illustrated in table 61, these variables had significant statistical correlation with Benefits.

Table 61. Importance of HRM at subsidiary and its impact on standardization of HRH practices

Variables	Benefits similar to HQ	Adapted Benefits	Test
Please indicate the extent to which the contribution of HRM practices towards firm performance is important	-.304 .023		Kendall's tau_b
	-.349 .023		Spearman's rho
Please indicate to what extent the following statement is true: "The headquarters management believes that the company's specific HRM practices are a source of competitive advantage and should be transferred to the overseas subsidiaries".		.373 .006	Kendall's tau_b
		.428 .005	Spearman's rho

The first question, which measures the extent to which the contribution of HRM practices towards firm performance is important, showed significant statistical correlation with Benefits similar to HQ (Spearman's rho is -.349, sig. 0.023). Because the sign of this correlation is negative it means that in subsidiaries where importance of HRM is higher the benefits were not similar to HQ. The second question explains it better showing that the company's specific HRM practices are source of competitive advantage and should be transferred to the overseas subsidiaries, but adapted to local conditions (Spearman's rho is .428, sig. 0.005). These findings introduce correction to proposition 3h that empowered HR functions within an MNC's subsidiary would facilitate transfer of HRM practices from HQ. Such empowerment does not only facilitate the transfer, but also provides a space for adaptation to local conditions.

One more proposition was formulated concerning the background of HR managers and its impact on standardization of HRM practices. As proposition 3e states: an international background of HR manager at subsidiary would facilitate transfer of HRM practices from HQ. Two questions were asked for this variable, if education was national or international, and if HR manager had abroad working experience. The Chi-square analysis (Appendix 5) shows that education had statistically significant association with training programs that were developed locally ($\chi^2(4) = 22.058$, $p = 0.000$), as well as with training programs that were adapted to local conditions ($\chi^2(4) = 10.618$, $p = 0.031$). Education had impacted also Bonuses that were adapted to local conditions ($\chi^2(4) = 12.017$, $p = 0.017$) and benefits that are similar to HQ ($\chi^2(4) = 9.737$, $p = 0.045$).

The results presented above confirm proposition 3e that an international background of HR manager at subsidiary would facilitate transfer of HRM practices from HQ. In subsidiaries where HR manager had international education, the training programs were not local, but transferred from HQ and then adapted to local conditions. Bonuses in such subsidiaries were also transferred from HQ and then adapted to local conditions. However, Benefits in these subsidiaries did not require local adaptation and were similar to HQ.

It was also found that foreign experience had impact on Performance management programs developed locally ($\chi^2(4) = 11.436$, $p = 0.022$), and on Bonuses

($\chi^2(4) = 12.017$, $p = 0.017$) as well as Benefits adapted to local conditions ($\chi^2(4) = 9.736$, $p = 0.045$). In subsidiaries where HR managers did not have foreign experience, the performance appraisal was developed locally; however, in subsidiaries where HR managers had foreign experience bonuses and benefits were transferred from HQ and adapted to local conditions.

Conclusions

The statistical analysis presented in this part was aimed to testing the hypotheses formulated based on proposition 3 about numerous internal factors that have an impact on level of standardization of HRM practices at Ukrainian subsidiaries. Several propositions were rejected, some confirmed and others corrected.

The results of survey showed that such internal factors as size, dependence on HQ's resources, HQ-subsidary control, number of expatriates and the type of strategy and structure had significant impact on the extent of standardization of HRM practices. As a result, the propositions 3a, 3f, 3g, 3i, 3j were confirmed.

The date and type of a subsidiary foundation did not have significant impact on transfer of HRM practices, while foreign ownership was impossible to test due to the fact that almost all of studied subsidiaries had 100% of foreign ownership. So propositions 3b, 3c and 3d were rejected.

Propositions 3e that international background of HR manager at subsidiary would facilitate transfer of HRM practices from HQ was partly confirmed and therefore requires adjustment. The results showed significant impact of HR manager background on transfer of HRM practices, while such HRM practices were adapted to local conditions. The same situation is with proposition 3h, that empowered HR functions within an MNC's subsidiary would not just facilitate transfer of HRM practices from HQ, but also would allow an adaptation of these HRM practices.

Another significant finding in this part was that the work system characteristics of Ukrainian subsidiaries are different from proposed by the theory in proposition 1, confirming the proposition 2 and rejecting the proposition 5. In Ukraine, employees are more involved in decision making, while worker-manager separation remains high.

VII. Discussion

This research was focused on national context effects on HRM practices at Western subsidiaries in Ukraine. Russia was used as a reference point for devising the propositions that were applied to Ukraine. Because any relevant literature on Ukraine is very limited, the available literature on Russian provided a strong platform for analyzing Ukraine. The theoretical framework adopted for this research had never previously been applied to Russia or Ukraine, creating a risk of misinterpretation of the data when the theory (propositions) was applied directly to Ukraine. Therefore, verifying the theoretical framework using existing literature on Russian context helped confirm the validity of the selected approach to research in Ukraine. Deriving propositions from this theoretical approach and applying them to Ukraine allowed meaningful comparison with Russia. Such analysis was possible because of the common historical roots of the two countries and their close cultural, political, and economic ties.

The main research question was divided into three sub-questions, which have structured the research in the form of a matrix, aligning both macro and micro levels with three sets of HRM practices. Accordingly, the comparative study was focused on local, disintegrated, and standardized HRM practices at Russian and Ukrainian subsidiaries of Western MNCs and the influencing factors that shaped those practices. The literature review was structured using a conceptual model that illustrates the relationship between various influencing factors and HRM practices at subsidiaries. The model incorporates external factors such as host- and home-country effects, which encompass the institutions and culture of domestic and parent company nations. In addition, the model highlights the importance of micro-political aspects or internal factors such as strategy, structure, various coordination mechanisms, and contingency factors. Based on this model and available studies, numerous propositions were formulated to explain the effects of each of the factors.

Two propositions were formulated for the first research sub-question (RSQ1: Which HRM practices at Ukrainian subsidiaries of Western MNCs were adopted from or fully adapted to the local environment and what are the effects of the national context in shaping these practices?). The first proposition concerns the Business System characteristics which might affect the HRM practices of companies operating in this environment. Referring to Russia, scholars observed a strong impact of path dependence (Schwartz and McCann, 2007) among Russian subsidiaries of Western

MNCs and have stated that HRM practices there resemble local HRM practices common for domestic companies which were historically shaped by national institutions. The business system approach proposed by Whitley (1999) provides at this point very useful theoretical assumptions on various connections between institutions and HRM practices. As stated in *proposition 1a. The weak public training system forces companies to recruit via personal contacts and select experienced employees* (Zaikovskaya, 2009; Bjoerkman et al., 2006). The first part of the proposition is concerned with the macro level, which was analyzed and confirmed by reviewing secondary sources. The study of Ukrainian national context performed by Mykhnenko (2005) supports the assumption that, in Ukraine, the public training system is weak in the business field; however, the second part of the proposition, which is concerned with micro level or HRM practices, has different results. This proposition was confirmed only for half of the Ukrainian subsidiaries where graduate recruitment was not implemented; however, there were also companies that had the resources and desire to recruit students and to build a bridge with educational institutions using their own resources. Several cases proved that this approach was successful, even though requiring significant effort and time from the subsidiary because of the educational institutions not being fully prepared yet for such collaboration with industry. Expatriates in top positions at Ukrainian subsidiaries also contribute to this proposition. Western MNCs often cannot find appropriate candidates in the Ukrainian labor market, where business education is not well developed, and they are forced to look for suitable candidates via global internal recruitment or in foreign labor markets. In Russia this proposition was confirmed in eight out of twelve studied companies, confirming a higher level of path dependence in this country.

The next is *proposition 1b. Undeveloped vocational training in business and gaps in Soviet public education result in deficiencies in knowledge of business studies and foreign languages, and employees require extensive training in those areas* (Bjoerkman et al., 2006; Walker, 2006; Vlachoutsicos and Liargovas, 1999). Extensive training was observed in fifteen out of sixteen Ukrainian subsidiaries and nine out of twelve Russian subsidiaries, which confirmed this proposition. This HRM practice does not resemble the local approach to HR in Russia and Ukraine, but shows how the weakness of national business systems forces the MNCs to adapt to the local labor environment. Despite the fact that Western MNCs provide extensive training to their Ukrainian employees, such programs tend to become more local and less personal (e-learning) due

to the financial crisis in Ukraine and overall cost cutting policies in global corporations. It is noteworthy that standardized Western training programs are not useful in Ukraine unless translated and fully adapted to local conditions. Mentoring for example, common in Germany, was not easily implemented in Ukraine due to rivalry among employees often manifested by fear of an individual losing a job position if too much information is transferred to others.

The *Proposition 1c* is more complex, interconnecting three layers of research, institutions, work system, and HRM practices: *The financial system based on credit reproduces low employer-employee interdependence. Companies experience high employee turnover, and therefore are not willing to invest in personnel development* (Estrin and Rosevear, 1999; May et al., 1998). In Ukraine only one company reported issues with employee development, which could be explained by weaker control and weak dependence on HQ's resources as well as a low number of expatriates. The rest of the sample reported that development programs were implemented at the subsidiaries. The survey also confirmed that in Ukrainian subsidiaries the employer-employee interdependence was very high (mean 4.13, max 5), contradicting with the theoretical assumption that in Post-Soviet countries such interdependence should be low. In Russia the issue of unwillingness to invest in personnel development was observed in two out of twelve companies, while employer-employee interdependence was slightly higher (mean 4.29, max 5). These findings reject proposition 1c and show that MNCs are extensively using development programs in order to retain valuable talent. Flexible compensation, which is used by local companies as a main retention tool (Kabalina, 2005), is not permitted in MNCs and all financial payments are strictly controlled. Notwithstanding, employee development is limited to middle level positions in most of the Ukrainian subsidiaries. Most of the top level positions are occupied by expatriates and this creates a glass ceiling for Ukrainian managers. International assignments are also limited for Ukrainian managers due to visa restrictions and the quite difficult process of obtaining work permits abroad.

The *proposition 1d* states that: *In Russia, a low-trust environment discourages employees' involvement in decision-making; employees are evaluated based on results* (May et al., 1998); *however, in Ukraine employees seek higher involvement in decision making, which would generate additional criteria for appraisal, such as the process and the career development goal* (Gaidai, 2006; Degtyareva, 2005). Results showed that in Ukraine, as well as in Russia, employee involvement in decision-making is quite

high while performance appraisal is highly standardized in both countries. This confirms the part of the proposition for Ukraine and rejects the part for Russia. As mentioned in the previous paragraph, most of the MNCs in Ukraine and Russia employ development programs for which they have to assess performance. The goal of the performance appraisal is career development, while both the process and the results are assessed. Despite the fact that Western performance appraisal processes had a high level of standardization among the studied companies, most employees in Ukraine are not comfortable with providing the feedback which could introduce bias in this Western process.

According to *Proposition 1e: Due to the lack of formal procedures and mistrust, managers are not willing to delegate responsibilities, instead preferring direct supervision* (Filatotchev et al., 1999; Clarke, 2004; May et al., 1998). In Ukraine, a low instance of delegation of responsibilities and direct supervision by managers was observed in only three companies where relative autonomy from HQ could allow such host country practices to emerge. In Russia, this proposition was observed in seven companies confirming this proposition and showing stronger path dependence there.

Regarding *Proposition 1f: In Russia, weak trade unions and decentralized bargaining allows individual negotiation for compensation and high wage differentials* (Festing, and Sahakians, 2010; Gvozdirov, 2010; Cheglakova, 2008; Gurkov, 2008; Kalabina, 2011; Croucher, 2000; Kubicek, 2002); *however, in Ukraine recent neo-corporatist arrangements reduced wage differentials* (Mykhnenko, 2005). Individual negotiation for compensation and high wage differentials were observed only in those companies where there was the lowest level of standardization of HRM practices, the least dependence on HQ's resources, or where HQ's control was lowest. In Ukraine there were four such companies, and also four in Russia. Notwithstanding, in Ukrainian companies where HQ strictly controlled compensation and benefits systems, HR managers reported concerns and dissatisfaction with such rigidity. They mentioned that structured Western compensation systems often pushed away valuable talent because of being unattractive for Ukrainians. As result, one can conclude that decentralized bargaining and high wage differentials are common for both Russia and Ukraine and represent the path dependence in both countries.

The final proposition on host country effect is *1g: In credit based financial systems rewards are tied to the employee's position, instead of skills or potential, and compensation packages include profit sharing* (Kalabina, 2011). In Ukraine such

effects were not observed, while in Russia it was found in four companies. This can be explained by the fact that Ukrainian subsidiaries are more dependent on HQ resources and that HQ strictly controls their financial plans as a consequence. Again, such restrictions were negatively perceived by most of the HR managers in Ukraine because they could not attract or retain valuable employees who are accustomed to a more flexible compensation system. In Russia, due to its large market size and lower dependence on HQ resources, the compensation policies are more flexible and less controlled by company HQs.

Concerning the cultural differences between Russia and Ukraine, which is described in *Proposition 2*, it was interesting to observe that in Ukraine employees are much more likely to take an initiative and are more ambitious about their career growth even if these cultural characteristics are not always fully supported by MNCs.

The second research sub-question (RSQ2: How the organizational level effects inhibited or facilitated the transfer of HRM practices from the headquarters of Western MNCs to their Ukrainian subsidiaries?) is addressed by propositions 3 and 5. Scholars argue that internal factors such as subsidiary size, age, foreign ownership, type of foundation, HQ control, etc. have an impact on the extent of standardization of HRM practices (Ferner and Edwards, 1995; Bjoerkman and Ehnroot, 2000; Engelhard, Nagele, 2003; Jorkman et al., 2006; Shekshnia, 1994; Denisova-Schmidt, 2008; Briscoe et al., 2012; Myloni et al., 2007).

Ten hypotheses were formulated and statistically tested for proposition 3 in Ukraine. In Russia, due to the small sample size this proposition was analyzed qualitatively. Results in Ukraine showed that internal factors such as size, dependence on HQ resources, HQ-subsidiary control, number of expatriates, and the type of business strategy and structure all had significant impact on the extent of transfer of HRM practices. As a result, propositions 3a, 3f, 3g, 3i, 3j were confirmed. The age and type of a subsidiary foundation did not show significant impact on the transfer of HRM practices, while the effect of foreign ownership was impossible to test due to the fact that almost all of studied subsidiaries had 100% foreign ownership. Therefore, propositions 3b, 3c and 3d were rejected. Proposition 3e, an international background of the HR manager at the subsidiary would facilitate transfer of HRM practices from HQ, was partly confirmed and requires adjustment. The results showed a significant impact of HR manager background on the transfer of HRM practices, but only when the HRM practices were adapted to local conditions. The same situation was found with

proposition 3h, in that empowered HR functions within an MNC's subsidiary would not just facilitate transfer of HRM practices from HQ but also would allow an adaptation of these HRM practices to local conditions. In Russian subsidiaries with stronger parent company control and empowered HR management functions, more standardized HRM practices were observed. The impact of other factors in Russia was difficult to judge due to the small sample size and the complexity of the research model.

The interrelationship of work systems and HRM practices was described in *Proposition 5. In subsidiaries, where the work systems characteristics are different from typical for Ukraine and Russia (as described in proposition 1) HRM practices would be more standardized and do not resemble the local approach.* This proposition was rejected in Ukraine because subsidiary work systems, which were different from the typical for Ukrainian companies, had significant statistical correlation with local HRM practices. This can be explained by differences in Ukrainian and Russian cultures, where Ukrainian employees are more involved in decision-making confirming Proposition 2. In Russia, correlation was impossible to quantify due to the small sample size.

Finally, the third research sub-question (RSQ3: Which HRM practices at Ukrainian subsidiaries represent standardised Western approach and what are the effects of the national context in successful integration of these practices?), scholars argued that *Weak institutions in Russia and Ukraine would facilitate the transfer of following standardized HRM practices to Ukrainian and Russian subsidiaries of Western MNCs: competency-based selection, extensive training and development programs, formal performance appraisal systems, structured compensation systems and nonmonetary benefits, and strong corporate culture* (Lesyk, 2005; Zaikovskaya, 2009; Boguts'ka, 2010; Gvozdiov, 2010; Krylov, 2009; Fey and Shekshnia, 2010; Hanson and Teague, 2005; Clarke S., 2004; Golovanova and Kadochnikov, 2011; Zudin, 2011; Soldatenko and Fedorenko, 2005; Lesyk, 2005; Galiulina, 2011). This proposition was confirmed as all of these practices were found in Ukrainian subsidiaries, confirming the assumption that weak institutional factors in Ukraine facilitate the transfer of globally standardized HRM practices.

Overall, this research revealed that, in underdeveloped markets such as Ukraine, host-country effects or the national business systems do not present obstacles to the transfer of Western management practices; however, the lack of adequate formal institutional structure to support such practices hinders an optimum level of

implementation and integration. Informally institutionalized practices and the personal background of managers can play major roles in this environment. In summary, micro-political aspects or internal factors have a stronger influence on transfer of HRM practices than external ones. In other words, the way in which managers at subsidiaries perceive and follow certain management practices can define the extent of implementation. If subsidiary management highly values Western management practices, then they will find a method for successful implementation; however, when Ukrainian managers have a negative perception of a Western management practice they will usually reject it.

In addition to the propositions discussed above, the research revealed other Western management practices which are globally successful, but could not be applied directly in Ukraine due to national context effects. Among these practices is flexible working hours, which are restricted by Ukrainian laws and work security regulations. Other practices common in the Western world such as team dinners and incentive trips are also difficult to justify under Ukrainian laws and regulations.

In general, the Western approach to compensation and benefits was not found to be very successful in Ukraine. For example, due to the underdeveloped capital market in Ukraine, workers did not welcome the share-based compensation plans. It was also found to be difficult to attract and retain employees for MNCs in Ukraine because of rigid compensation plans and inadequate adjustments for high inflation.

Diversity policies and procedures represent an important part in Western HRM practices; however, in Ukraine its implementation is especially difficult due to the position of woman in society as well as the weakly established position of other minorities in Ukrainian society. Most respondents reported difficulty in finding and even promoting women for management positions at Ukrainian subsidiaries of Western multinational companies. They explained this by a stronger orientation of Ukrainian women towards family rather than career. In companies where the selection process is highly regulated by HQ, and the interview questions had to comply with anti-discrimination policies, Ukrainian HR managers did not find value of this constraint in local context.

Another restriction of global management practices found in Ukraine was concerned with international mobility and a global High Potential (HiPo) pool. For Ukrainian employees it is very difficult to obtain work permits in foreign countries, and

this extensively limits them to the domestic market. Consequently, all of the HR managers interviewed in Ukraine expressed concerns about succession planning.

VIII. Conclusions

To summarize the research findings, the host-country effects in Ukraine were found to be similar to those in Russia and represent common path dependence (Schwartz and McCann, 2007). Notwithstanding, the current political situation and deteriorating relationships between Ukraine and Russia might generate different results in future research. Due to the fact that this study was conducted prior to the Ukrainian revolution, the findings highlighted strong path dependence. Today, the new movement in Ukraine is dedicated to stepping away from all aspects of Soviet legacy and a diminution of traces of path dependence would be expected.

Independent of the direction of future developments, the weakness of institutions in Ukraine and Russia allowed MNCs to transfer their management practices to a high extent. These findings are in line with studies conducted by numerous other scholars (Lesyk, 2005; Zaikovskaya, 2009; Boguts'ka, 2010; Gvozdiov, 2010; Krylov, 2009; Fey and Shekshnia, 2010; Hanson and Teague, 2005; Clarke S., 2004; Golovanova and Kadochnikov, 2011; Zudin, 2011; Soldatenko and Fedorenko, 2005; Lesyk, 2005; Galiulina, 2011). On the macro level the home country effects as well as dominance effects came through, while on the micro level numerous organizational factors and micro-political aspects played a significant role in facilitating or inhibiting the transfer of Western management practices. Notwithstanding, the major influencing factor consistently observed in the studied companies was found on the personal level, which represents an entire other layer of research for future consideration. Personal beliefs and ambitions in Ukraine showed a more significant effect on the successful implementation of Western management practices than any institutional or organizational factors. This finding represents a valuable contribution to organizational theory by suggesting a refocusing of research on more personal rather than cultural characteristics for studies of economies in transition (Lawrence and Vlachoutsicos, 1990; Welsh, 1993; Puffer, 1996; Elenkov, 1998; Holden et al., 1998; Michailova, 2000).

Among the personal factors that impact HRM practices, this research revealed that in Ukraine (as compared to Russia) the leadership style is less hierarchical and employees take more initiative and expect more involvement in decision making processes. As one HR manager of a US subsidiary in Ukraine noted: *"We are closer to Russian type. It's hierarchy. But without any royal manners. Manager has a friendly face here"* (translated from US M interview). Another manager confirmed: *"What I see*

here is probably an element of democracy. All top managers are accessible to you” (translated from US Mi interview). Even in a French company, the HR manager stated something similar: *“Our CEO always has open doors at his office. He visits the factories dressed in a suit from Versace and tie from Hermes in all necessary safety equipment as any other worker. He is always friendly to everyone greeting and asking ‘how are you?’. He expresses the respect to all employees without any screams or indignity”* (translated from French S interview).

It was also observed that older employees are not willing to share their experience in fear of losing their position, thus inhibiting mentoring initiatives at Ukrainian subsidiaries. As mentioned by one of the employees: *“I gained this knowledge on my own and why should I teach others”* (translated from German M interview).

The glass ceiling in career progression to the top management at Ukrainian subsidiaries of Western MNCs as well as inflexible compensation are very demotivating for ambitious Ukrainian employees pushing them away from MNCs. As Ukrainian HR manager pointed out: *“Everything that has something to do with Comp&Ben doesn’t change. Promotion program, retention, it all grouted into concrete and we can’t change it. Even if we really want to retain a person, raise his salary, we can’t do that”* (translated from US M interview). This finding is in line with previous studies in Russia (Bjorkman and Ehrnrooth, 2000).

In addition to the personal factors expanded upon above, Ukrainian women are generally not career oriented which complicates the diversity efforts required by Western HQs. It was also observed that employees in Ukraine dislike providing objective feedback, resulting in a bias in the appraisal process. As HR manager stated: *“People in Ukraine are afraid to provide feedback, they are afraid to offend their colleagues”* (translated from US Mi interview).

Among institutional factors in Ukraine, local laws prevent MNCs from introducing flexible working hours, a common practice in the Western world and even in Russia. Despite the fact that all studied MNC subsidiaries reported that local laws and regulations were respected and followed, Ukrainian institutions are weaker and therefore more permissive than is the case in Russia. The Ukrainian national business system weaknesses force MNCs to undertake additional effort to compensate the voids such as a weak public training in business and foreign languages (Mykhnenko, 2005), but the same institutional weaknesses allow them to more easily transfer their

successful Western management practices. Notwithstanding, the extent of transfer of HRM practices differed among the studied companies, with US subsidiaries leading in terms of standardization and formalization which is in line with other studies (Davoine Schroeter, Stern, 2014).

Apart from institutional effects, the extent of transfer of HRM practices was facilitated by such organizational factors as the empowerment of subsidiary's HR function (Bjorkman et al., 2006; Festing, 2010; Myloni et al., 2007); direct informal communication with the regional head office; expatriates in top positions (Engelhard, Nagele, 2003; Jorkman et al., 2006; Shekshnia, 1994; Denisova-Schmidt, 2008); global corporate strategy and global matrix structure (Briscoe et al., 2012).

In Russia, among other observed host-country effects, the cultural values and behavioral patterns were also stronger than institutional influence. Features common for Russia such as authoritarian leadership style in combination with centralized and informal control were observed in different companies independent of their origin (Paik et al., 2002; (Puffer and McCarthy, 1995). HRM practices generally had to be adjusted to the local environment primarily because of language barriers with most standard corporate systems and practices being translated into Russian or substituted with local initiatives. These finding are in line with previous studies conducted in Russia (Bjorkman and Ehrnrooth, 2000; Camiah and Hollinshead, 2003).

The assumptions of the conceptual model were partially confirmed and enhanced by this research. Observations on HRM practices at Ukrainian subsidiaries included the following: recruitment through personal contacts and selection of experienced employees, extensive training of employees through e-learning tools in local language, standardized appraisal process with focus on a process and goal of career development, rigid compensation and benefits tools.

To conclude, this research identified national context effects on transfer of HRM practices from Western HQ to their Ukrainian subsidiaries based on numerous propositions derived from the Business System theory and other academic studies. Notwithstanding, the qualitative approach discovered many other elements which were not foreseen or previously studied by other scholars. These elements provide valuable contributions to organizational theory and to reducing the knowledge gap on HRM practices at MNCs in Ukraine.

Contribution

The proposed study contributes to comparative HRM research, adding Russia and Ukraine to the global picture of various business systems and HRM practices. It is highly valuable to examine the experience of MNCs operating in post-Soviet countries which undergo the transition process towards the market economy. The theories developed to date are focused mostly on developed capitalist economies and had limited use in analyzing such complex transitioning environments such as found in Russia and Ukraine. Applying Whitley's business system approach is valuable for the academic discussion on application of Western management theories to developing economies. The conceptual model of the transfer of HRM practices from Western HQ to Russian and Ukrainian subsidiaries contributes to management theory by providing additional features to aid our understanding of this process. The empirical study resulted in a different perspective that was highlighted in the discussion part of this thesis. This perspective is conditioned by the transitional state of the economies of Russia and Ukraine and the effects of underdeveloped institutions, in contrast to the assumptions of host-country effects in Western management theory.

In addition to the academic contribution, this work is also useful for Western MNCs that operate in or plan to enter markets in transition. The lack of knowledge and understanding of transformation processes in post-Soviet countries might lead foreign investors to lose money or encounter unexpected difficulties. This study provides a comprehensive analysis of the institutional and cultural contexts of Russia and Ukraine and explains how they might influence management practices. Being able to adjust corporate strategies and policies to the host environment would benefit MNCs, allowing them to manage their human resources more efficiently.

Last, this research has already proven important for domestic business in Russia and Ukraine. Western management practices are still undiscovered for local business and considered valuable. The transfer of knowledge from Western MNCs up to this point occurred mostly through rotation of employees from company to company. However, their experience was not structured to provide appropriate advice for the local business. This study proposes a set of HRM practices for local businesses that could work in their environment and explains why other practices would not be as useful.

Limitations and further research recommendations

The current research had several limitations, which should be addressed in further investigations. First, the lack of peer-reviewed articles and academic empirical

studies on the Ukrainian context required the use of all available (nonscientific) materials to build a conceptual model and formulate propositions. To reduce bias, Russia was used as the reference point for constructing the analytical framework. The results proved the effectiveness of this approach.

The major area of limitation was related to field access during the study. In both Russia and Ukraine, many scholars have reported access to be the primary obstacle to conducting research, restricting sample size and disclosure of needed information. This issue also prevented an analysis of industry-specific effects and other contingency factors that should have been eliminated to better distinguish the host-country effects. The dominance effects and pressures for international standardization diluted the concentration of home-country effects in studied companies as well. A recommendation for further research is a narrower focus. Incorporation of numerous influencing factors restricts the possibility of deeper analysis within one factor and provides a broader picture. For this stage of research, considering that Ukraine was understudied, such an approach was successful, although the developed model should be studied further, in more detail, to eliminate factors that had minor effects.

Contingency factors had a significant role in the process of forming HRM practices; however, because of field access limitations, it was impossible to group studied companies according to contingency factors. For further research, the recommendation is to focus on a specific industry and study companies of a similar size, age and entry mode. Such consistency in contingency factors would allow better observation of other effects and provide clear conclusions on the extent of their influence.

It would also be beneficial to more deeply study the home-country effects by focusing on one specific Western economy, and compare it to one post-Soviet economy, so that contextual distance would be the significant difference, allowing influencing factors to emerge. The process of interaction between home- and host-effects would be more visible if this approach were applied.

In addition, the distinction between different levels of employees is also important. The experience of studying MNCs shows that HRM practices and policies might vary according to an employee's level, and it would make sense to study employee levels separately. A lateral comparison with similar companies that distinguishes among employee levels would provide the best results.

Finally, the triangulation of data within each company is vital. The present research found that, in the few companies for which triangulation was achieved; the HR manager had a different understanding of the effectiveness of HRM practices. Interviews with other managers showed that corporate values and HRM policies and practices were perceived and applied differently from what the HR manager believed.

References

- Abetti, P.A., Hirvensalo, I., Kapij, M.I. (2001). Multi-cultural entrepreneurial ventures in the former Soviet Union: case studies of Finnish and US approaches in Russia, Ukraine and the Baltics. *International Journal of Entrepreneurship and Innovation Management*, 1(1), 53-72.
- Almond, P., Edwards, T., Colling, T., Ferner, A., Gunnigle, P., Muller-Camen, M., Quintanilla, J., Waechter, H. (2005). Unraveling Home and Host Country Effects: An Investigation of the HR Policies of an American Multinational in Four European Countries. *Industrial relations*, 44(2), 276-306.
- Amable, B. (2003). *The diversity of modern capitalism*. Oxford University Press. New York.
- Ambos, T., Ambos, B. (2009). The impact of distance on knowledge transfer effectiveness in multinational corporations. *Journal of International Management*, 15(1), 1-14.
- Ardichili, A., Gasparishvili, A. (2001) Human resource development in an industry in transition: the case of the Russian banking sector. *HRDI*, 4(1), 47-63.
- Balabanova, E.S. (2001) Особенности русской экономической ментальности. *Мир России*, 10(3), 67-77.
- Basareva, V.G. (2011) Государственная поддержка малого бизнеса: помощь или институциональная ловушка? Paper presented at the Eleventh International Scientific Conference on Issues of Economic and Social development. Editor Yasin E.G. HSE. Moscow, N2
- Beekun, R., Stedham, Y., Yamamura J., and Barghouti, J. (2003). Comparing business ethics in Russia and the US. *International Journal of Human Resource Management*, 14(8), 1333-1349.
- Berger, N. (1999). Human resource issues in Russia: a case study. *Advances in Developing Human Resources*, 1, 38-54.
- Bessonova, O.E. (1997). Институты раздаточной экономики России: ретроспективный анализ. Novosibirsk, RAN. Retrieved from: <http://www.ecsocman.edu.ru/text/19160061/>
- Bjoerkman, I., Ehrnrooth, M. (2000). HRM in Western subsidiaries in Russia and Poland. *Journal of East-West Business*, 5(3), 63-79.
- Bjoerkman, I., Fey, C., Park, H. (2006). Institutional theory and subsidiary HRM practices: evidence from a three country study. SSE Russia working paper
- Bjoerkman, I., Lervik J. (2007). Transferring HR practices within multinational corporations. *Human Resource management journal*, 17(4), 320-335.
- Blasi, J., Kroumova, M., and Kruse D., (1997). *Kremlin capitalism: privatizing the Russian economy*. New York: Cornell University Press.
- Boguts'ka, D. (2010). Secrets of corporate culture. Retrieved from: <http://innovations.com.ua/uk/articles/4/22/1625> (in Ukrainian)
- Boussebaa, M., Morgan, G. (2004). Organizing across borders: Differences in British and French conceptions of management and their impact on a management development programme. Paper presented at the conference on *Multinationals and the International diffusion of organizational forms and practices*. IESE Business School, Barcelona, 15-17 July. Retrieved from: http://www.iese.edu/en/files_html/p07.pdf
- Briscoe, D., Schuler, R., Tarique, I. (2012) *International human resource management: Policies and practices for multinational enterprises (Fourth edition)*. London: Routledge.
- Brouthers, K.D., Brouthers, L.E. (2001). Explaining the national cultural distance paradox. *Journal of International Business Studies*, 32, 177-189.

- Buck T, Filatotchev I., Demina N., Wright (2003) Insider ownership, human resource strategies and performance in a transition economy. *Journal of International Business Studies*, 34 (6), 530-549
- Buck, T., Filatotchev, I., Wright, M., van Frausum, Y. (1996). The process and impact of privatization in Russia and Ukraine. *Comparative Economic Studies*, 38(2-3), 45– 69.
- Buckley, P. J., Casson, M. (1991) Multinational enterprises in less developed countries: Cultural and economic interactions. In Buckley, P. J. and Clegg, J. (Eds.) *Multinational enterprises in less developed countries: Cultural and economic interactions*. London: Macmillan.
- Butler, B., Purchase, S. (2004). Personal networking in Russian post Soviet life, *Research and Practice in Human Resource Management*, 12(1), 34-60.
- Camiah, N., Hollinshead, G. (2003). Assessing the potential for effective cross-cultural working between 'new' Russian managers and western expatriates. *Journal of World Business*, 38, 245–261.
- Carraher, S.M., Carraher, S.C. (2006). Human resource issues among SMEs in Eastern Europe: A 30 month study in Belarus, Poland, and Ukraine. *International Journal of Entrepreneurship*, 10, 97 - 108
- Carson, D., Gilmore, A., Gronhaug, K., Perry C. (2001) *Qualitative marketing research*. Thousand Oaks, Sage Publications.
- Clarke, S. (1998). Trade unions and the non-payment of wages in Russia. *International Journal of Manpower*, 19(1/2), 68-94.
- Clarke, S. (2004). A very Soviet form of capitalism? The management of holding companies in Russia. *Post-Communist Economies*, (16)4, 405-422.
- Clarke, S. (2007). *The development of capitalism in Russia*. London: Routledge
- Clarke, S., Borisov V. (1999). New forms of labour contract and labour flexibility in Russia. *Economics of Transition*, 7(3), 593–614.
- Clarke, S., Metalina, T. (2000): Training in the new private sector in Russia. *International Journal of Human Resource Management*, 11, 19-36.
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). New Jersey: Lawrence Erlbaum.
- Croucher, R. (2000). Trade union education and union strategy. Renewing agricultural unions in Moldova, the Ukraine and Russia. *South-East Europe Review*, 1, 157-170.
- Davoine, E., Morschett, D., Novitskaya, O., Batsenko, K. (2013). *Human resource management issues in multinational companies: Case studies from Ukrainian and Russian subsidiaries*. Case book in English, Ukrainian and Russian language. Supported by SCOPES Program of Swiss National Fund.
- Davoine, E., Schroeter, O. C., & Stern, J. (2014). Cultures régionales des filiales dans l'entreprise multinationale et capacités d'influence liées à la langue: une étude de cas. *Management international/International Management/Gestión Internacional*, 18, 165-177.
- Degtyareva, S.V. (2005). К вопросу об институциональных основах российской экономики. Наукові праці. ДонНТУ. Серія: економічна, 89-1. Retrieved from: <http://ea.dgtu.donetsk.ua:8080/bitstream/123456789/715/1/K%20вопросу%20об%20институциональных%20основах%20российской%20экономики.pdf>
- Denisova-Schmidt, E. (2008). The transfer of Western human resource practices to Russian subsidiaries. University of St. Gallen, Switzerland. *WU Online Papers in International Business Communication*.

- Denisova-Schmidt, E. (2011). Human Resource Management in Russia: Some Unwritten Rules. WU Online Papers in International Business Communication / Series One: Intercultural Communication and Language Learning, 8. Department für Fremdsprachliche Wirtschaftskommunikation, WU Vienna University of Economics and Business, Vienna. Retrieved from: <http://epub.wu.ac.at/id/eprint/3153>
- Dickenson, P., Blundell, B. (2000). Transferring quality management experience to the Russian aerospace industry. *Total Quality Management*, 11(3), 319 -327.
- DiMaggio, P., Powell, W. (1991). *The new institutionalism in organizational analysis*. Chicago, IL: University of Chicago Press.
- Dowling, P.J., Festing, M., Engle, A.D. (2008). *International human resource management (Fifth edition)*. UK: Cengage Learning EMEA.
- Dowling, P.J., Welch, D.E., Schuler, R.S. (1999). *International human resource management: Managing people in a multinational context*. Toronto: Southwestern College Publishing.
- Doz, Y., (1986). *Strategic Management in Multinational Companies*. New York: Oxford University Press.
- Edwards, T., Ferner, A. (2002). The renewed American challenge: A review of employment practice in US multinationals. *Industrial Relations Journal*, 33(2), 94-111.
- Elenkov, D.S. (1997). Differences and similarities in managerial values between US and Russian managers. *International Studies of Management and Organization*, 28(1), 85-106.
- Elenkov, D.S. (1998). Can American management concepts work in Russia: A cross-cultural comparative study. *California Management Review*, 40(4), 133-156.
- Engelhard, J., Nagele, J. (2003). Organizational learning in subsidiaries of multinational companies in Russia. *Journal of World Business*, 38, 262-277.
- Estrin, S., Rosevear, A. (1999). Enterprise performance and corporate governance in Ukraine. *Journal of Comparative Economics*, 27, 442-458.
- Estrin, S., Wright, M. (1999). Corporate governance in the former Soviet Union: An overview. *Journal of Comparative Economics*, 27, 398-421.
- Fantaz, S. (2007). National specifics of HRM: Japan, US, Russia, Ukraine. Retrieved from: <http://www.hr-portal.ru/article/natsionalnye-osobennosti-sistem-upravleniya-personalom-yaponiya-ssha-rossiya-ukraina> (in Russian)
- Federal State Statistics Service (2015) Retrieved from: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/figures/population/
- Ferner, A. (1997). Country of origin effects and HRM in multinational companies. *Human Resources Management Journal*, 7(1), 19-37.
- Ferner, A. (2000). The embeddedness of US multinational companies in the US business system: implications for HR/IR. Leicester business school. Occasional paper 61.
- Ferner, A., Edwards, T. (1995) Power and the diffusion of organizational change within multinational enterprises. *European Journal of Industrial Relations*, 1(2), 229-257.
- Ferner, A., Almond, P., Clark, I., Colling T., Edwards, T., Holden, L., Muller-Camen, M. (2004). The dynamics of central control and subsidiary autonomy in the management of human resources: case study evidence from US MNCs in the UK. *Organization Studies*, 25(3), 363-391
- Ferner, A., Quintanilla, J., Sanchez-Runde, C. (2006). *Multinationals, institutions and the construction of transnational practices: Convergence and diversity in the global economy*. Palgrave Macmillan UK.

- Ferner, A.M., Almond, P., Colling, T. (2005). Institutional theory and the cross-national transfer of employment policy: The case of 'workforce diversity' in US multinationals. *Journal of International Business Studies*, 36 (3), 304-321.
- Festing, M., Eidems, J., Royer, S. (2007). Strategic issues and local constraints in transnational compensation strategies: an analysis of cultural, institutional and political influences. *European Management Journal*, 25(2), 118-131.
- Festing, M., Maletzky, M., Frank, F., Kashubskaya-Kimpelainen E. (2009) Encadrer des équipes russes: trios clés pour réussir. *L'Expansion Management Review*, 134, 76-88.
- Festing, M., Sahakiant, I. (2010). Compensation practices in Central and Eastern European EU Member States—an analytical framework based on institutional perspective, path dependencies, and efficiency considerations. *Thunderbird International Business Review*, 52(3), 203-216.
- Fey, C., Bjoerkman, I (2000). The effect of human resource management practices on MNC subsidiary performance in Russia. *Journal of International Business Studies*, 32(1), 59-75
- Fey, C., Denison, D.R. (2003). Organizational culture and effectiveness: Can American theory be applied in Russia? *Organization Science INFORMS*, 14(6), 686–706.
- Fey, C., Shekshnia, S. (2010). The key commandments for doing business in Russia. *Organizational Dynamics*, 40(1), 57-66
- Fey, C., Engstrom P., Bjoerkman I. (1999). Effective HRM practices for foreign firms in Russia. *Organizational Dynamics*, 28(4), 69-80.
- Fey, C., Pavlovskaya, A., Tang, N. (2004). A comparison of HRM practices in Russia, Finland and China. *Organizational Dynamics*, 33(1), 79-97.
- Fey, C., Beamish, P. (2000). Joint venture conflict: The case of Russian international joint ventures. *International Business Review*, 9 (2), 139 - 162
- Filatotchev I., Wright M., Buck T., Zhukov V. (1999). Corporate entrepreneurs and privatized firms in Russia, Ukraine and Belarus. *Journal of Business Venturing*, 14, 475-492.
- Filatotchev, I., Hoskisson, R. E., Buck, T., Wright, M. (1996). Corporate restructuring in Russian privatizations: Implications for U.S. investors. *California Management Review*, 38(2), 87-105.
- Fuxman, L. (2004). Emerging trends in Ukrainian management styles and the challenge of managerial talent shortage. *International Journal of Commerce and Management*, 14(1), 28-43.
- Gaidai, T.V. (2006). Теоретико-методологические основы исследования экономической ментальности: институциональный аспект. Россия: вариант институционального развития. Internet conference 25 April 2006. Moscow: <http://www.mirrossii.ru/db/msg/295702/print.html>
- Galiullina, L.M. (2011). Влияние природного богатства на бедность в России. Eleventh International Scientific Conference on Issues of Economic and Social Development. Editor Yasin E.G. HSE. Moscow, N2
- Gilbert, K., Gorlenko, E. (1999). Transplant and process-oriented approaches to international management development: An evaluation of British-Russian co-operation. *Human Resource Development International*, 2(4), 335-354.
- Giordano, C., Hayoz N. (2013) *Informality in Eastern Europe*. Peter Lang, Bern.
- Goirdano, C. (2011) Mythologies of Post Socialism: The Legends of Revolution and Transition Twenty Years after the Fall of the Berlin Wall. In Hayoz N., Jesien L., Koleva D. (2011) *20 years after the collapse of communism. Expectations, achievements and disillusion of 1989*. Peter Lang, Bern.

- Golovanova, S.V., Kadochnikov, C.M. (2011) Klasternie otnosheniya v rossii I regional'naya politika razvitiya klasterov. Eleventh International Scientific Conference on Issues of Economic and Social Development. . Editor Yasin E.G. HSE. Moscow, N3
- Grachev M., Rogovsky, N.G., Bobina, M.A. (2006). *3M: Role model for emerging markets*. Wiley Periodicals, Inc.
- Guba, E.G., Lincoln, Y.S. (1994). Competing paradigms in qualitative research. In N.K. Denzin and Y.S. Lincoln (Eds.) *Handbook of Qualitative Research*, 105-117.
- Gurkov I., Zelenova, O., Goldberg A., Saidov, Z. (2009). Human resource management in Russia compared to other countries. *Mir Rossii*, 3, 123-150. (in Russian)
- Gurkov, I., Filippov, S. (2013), Innovation processes in the Russian manufacturing subsidiaries of multinational corporations: an integrated view from case studies, *Journal of East-West Business*, 19 (4), 260–290.
- Gurkov, I., Settles, A. (2013), A dominant archetype of the HRM system in Russian industrial companies in post-recession times, *The International Journal of Human Resource Management*, 24 (19), 3630-3643.
- Gurkov, I., Zelenova O. (2008). Human resource management in Russia. In M.J.Morley, N.Heraty, S.Michailova (Eds.). *Managing Human Resources in Central and Eastern Europe*, Chapter 12. London, Routledge, 150-188.
- Gvozdirov, S. (2010). How to win “prime league”: success factors of Ukrainian leading companies. <http://innovations.com.ua/uk/articles/4/22/1683> (in Ukrainian)
- Hall, P.A., Soskice, D. (2001). An introduction to varieties of capitalism. In P.A. Hall and D. Soskice (Eds.), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, 1–70.
- Hanson, P., Teague, E. (2005). Big business and the state in Russia. *Europe-Asia Studies*, 57(5), 657-680.
- Harzing, A.W.K. (1999) MNC Staffing policies for the CEO-position in foreign subsidiaries. The results of an innovative research method, Brewster, C.; Harris, H. (eds.) *International HRM: contemporary Issues in Europe*, Routledge, 67-88
- Hayoz, N., Lushnycky A. N (2005) *Ukraine at Crossroads*. Peter Lang, Bern, 270
- HeadHunter.ru (2010). Retrieved from: <http://hh.ru/article.xml?articleId=1139>
- Hofstede, G. (1980). *Culture's consequences: International differences in work-related values*. Newbury Park, CA: Sage Publications.
- Holden, N., Cooper, C. (1994). Russian managers as learners: Implications for theories of management learning. *Management Learning*, 25, 503-22.
- Holden, N., Cooper, C., Carr, J. (1998). *Dealing with the new Russia: Management cultures in collision*. Chichester: Wiley.
- Hull, G. (2000). U.S. MBA and management training programs in Central and Eastern Europe. *The Journal of Technology Transfer*, 25(3), 319-327 .
- Hultén, P. (2006). Contextual influence on diffusion of market-oriented approaches in post-Soviet companies. *Journal of East-West Business*, 12(1), 5 - 28
- Jacoby, S. (1997). *Modern manors: Welfare capitalism since the New Deal*. New Jersey: Princeton University Press.
- Jankowicz, D. (2001). Limits to knowledge transfer. *Journal of East-West Business*, 7(2), 37-59
- Kabalina, V. (2005). Practices of HRM in Russian Enterprises. Moscow, ISITO (in Russian).
- Kalabina E.G. (2011). Политика вознаграждения персонала организации в системе внутреннего рынка труда: патернализм версус эффективизм.'. Eleventh International Scientific Conference on Issues of Economic and Social Development.. Editor Yasin E.G. HSE. Moscow, N2

- Kets de Vries, M. (2000). A journey into the “Wild East”: Leadership style and organizational practices in Russia. *Organizational Dynamics*, 28(4), 67–81.
- Kirdina, S. (2002). New Russian institutional theory about Russia in the global world In *European Social Theory: Sources and Challenges* (Materials of European Conference on Social Theory, Moscow, Russia). Ed. by V. Kultygin and V. Zhukov, 230-237.
- Kisline D. (2007). Petit entrepreneur russe: motivations, buts et innovations, sous la direction de Gérard CLIQUET, Professeur, Université de Rennes 1
- Knell M., Srholec M. (2007). Diverging pathways in Central and Eastern Europe. In Lane D., and Myant, M. (Eds.) *Varieties of Capitalism in Post-Communist Countries*. London: Palgrave Macmillan.
- Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review*, 24(2), 308-324.
- Kotz, D. M. (2001) Is Russia Becoming Capitalist? *Science and Society*, 65(2), 157- 181
- Kovaleva, A.D. (2005) Развитие Украины и России в контексте теории институциональных матриц. Conference paper, L'vov, 20-22 June.
- Kozina, I.M. (2009). Corporations and Trade Unions—case of Russia. *Mir Rossii*, 1, 144-163 (in Russian)
- Krishnan, R. (1993). Human resource practices and the bottom line in Russian subsidiaries. *The Academy of Management Executive*, 15(4), 134-135
- Kruger, G. (2004). *Enterprise restructuring and the role of managers in Russia: Case studies of firms in transition*. Armonk, NY: M.E. Sharpe.
- Krylov, V. (2006). Les impacts des traditions et des innovations sur l’organisation du travail des entreprises Russes. RUSSES. XVIIe Congrès de l’AGRH.
- Krylov, V. (2008). Culture et gestion en Russie: entre l’efficacité et l’incertitude », dans Eduardo Davel, Jean-Pierre Dupuis et Jean-François Chanlat (dir.), *Gestion en contexte interculturel: approches, problématiques, pratiques et plongées*, Québec, Presses de l’Université Laval et Télé-université (UQAM).
- Krylov, V. (2009). *Values and social bases in HRM*. PhD thesis (in Russian).
- Lane, D., Myant, M. (2007). *Varieties of Capitalism in Post-Communist Countries*. London: Palgrave Macmillan.
- Lang, R., Steger, T. (2002). The odyssey of management knowledge to transforming societies: A critical review of a theoretical alternative. *Human Resource Development International*, 5(3), 279–94.
- Latov, Y. (2006). Let’s check with Hofstede’s algebra Ukrainian Harmony. Report at the Conference “Rossiya: Varianty Institucional’nogo Razvitiya” (in Russian).
- Lawrence, P.R., Vlachoutsicos, C.A. (1993). Joint ventures in Russia: Put the locals in charge, *Harvard Business Review*, 44-54.
- Lawrence, P.R., Vlachoutsicos, C.A. (Eds.). (1990). *Behind the factory walls: Decision-making in Soviet and U.S. Enterprises*. Boston, MA: HBS Press.
- Lawrence, P.R., Vlachoutsicos, C.A., Faminsky, I., Brakov, E. Puffer, S.M., Walton, E., Naumov, A., Ozira, V. (1990). *Behind the factory walls: Decision making in Soviet and US Enterprises*. Boston: Harvard Business School Press.
- Ledeneva, A. (1998) *Russia’s economy of favors: Blat, networking and informal exchange*. Cambridge: Cambridge University Press.
- Lesyk, O. I. (2005). How to succeed in knowledge transfer. Case Study of Scandinavian Alliance in Ukraine. PhD dissertation. University of Helsinki.
- Lewicki, P., Hill, T. (2006). *Statistics: methods and applications*. Tulsa, OK. Statsoft.

- Luckov, V. A., Luckov, S. V. (2007). Career at foreign companies in modern Russia: the impact of organizational cultures factor. In Krilov, A.N. et al. Moscow: Bremen, 58-67 (in Russian)
- Lushnycky, A. N., Riabchuk M. (2009) *Ukraine on its meandering path between East and West*. Peter Lang, Bern, 210
- Magoun, V., Roudnev M. (2006). The Life Priorities of the Society: Comparison of Ukraine to other European Countries, http://www.ecsocman.edu.ru/images/pubs/2008/05/19/0000322462/ESS_Chp8_OK.pdf
- Martin, R. (2006) Segmented employment relations: post-socialist managerial capitalism and employment relations in Central and Eastern Europe. *International Journal of Human Resource Management*, 17 (8), 1353 - 1365
- May, R., Puffer, S., McCarthy, D. (2005). Transferring management knowledge to Russia. A culturally based approach. *Academy of Management Executive*, 19 (2), 24-35.
- May, R., Young, C.B., Ledgerwood, D. (1998). Lessons from Russian human resource management experience. *European Management Journal*, 16, 447-459.
- May, R., Ledgerwood, D., (2007). One step forward, two steps back: Negative consequences of national policy on human resource management practices in Russia. *Human resource management in Russia*, 25-42.
- May, R., Stewart, W., McCarthy, D., Puffer, S., Ledgerwood, D., (2007). August. A test of the cross-cultural equivalency of the resistance to change scale in Russia and Ukraine. *Academy of Management Proceedings*, 2007(1), 1-6.
- McCarthy, D., May, R., Puffer, S. (2005). Transferring management knowledge to Russia: A culturally-based approach. *The Academy of Management Executive*, 19 (2), 24-35. Reprinted in *Competing in Emerging Markets: Cases and Readings*, H. Merchant (ed.). New York: Routledge, 2008.
- McCarthy, D., Puffer, S., Wilson, J. (2007). Emerging capitalism in Russia and China: Implications for Europe. *European Journal of International Management*, 1(1-2), 146-165.
- McCarthy, D., Stewart, W., May, R., Puffer, S. (2009). A test of the measurement validity of the resistance to change scale in Russia and Ukraine. *Journal of Applied Behavioral Science*, 45(4), 468-489.
- McSweeney, B. (2002). Hofstede's model of national cultural differences and their consequences: A triumph of faith—a failure of analysis. *Human Relations*, 55(1), 89-118.
- Meardi, G., Toth, A. (2006). Who is hybridizing what? Insights on MNCs employment practices in central Europe. In Ferner, A., Quintanilla, J., and Sanchez-Runde, C (Eds.). *Multinationals, Institutions and the Construction of Transnational Practices: Convergence And Diversity in the Global Economy*. London: Palgrave.
- Mercer Employment Conditions Report. 2012 Edition. Central and Eastern Europe – Ukraine.
- Merriam, S., (1995) What can you tell from an N of 1?: Issues of validity and reliability in qualitative research. *Journal of Lifelong Learning*, 4, 51-60
- Meyer, K. (2002). Management challenges in privatization acquisitions in transition economies. *Journal of World Business*, 37(4), 266-276.
- Meyer, K., Peng, M. (2005) Probing theoretically into Central and Eastern Europe: transactions, resources, and institutions. *Journal of International Business Studies*, 36(6), 600-621.
- Meyer, K. (2001a) Institutions, transaction costs, and entry mode choice in Eastern Europe. *Journal of International Business Studies*, 32(2), 357-367.

- Meyer, K. (2001b). International Business Research on Transition economies. Chapter for the *Oxford Handbook of International Business*, Editors Rugman A., Brewer T. DOI: 10.1093/0199241821.001.0001
- Meyer, W., Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340-363.
- Michailova, S. (2000). Contrasts in culture: Russian and western perspectives on organizational change. *The Academy of Management Executive*, 14(4), 99-112.
- Michailova, S., Husted, K. (2003). Knowledge sharing hostility in Russian firms. *California Management Review*, 45(3), 36-52.
- Michailova, S., Hollinshead G. (2009). Western management training in Eastern Europe: trends and developments over a decade. *Human Resource Development International*, 12(2), 117-133.
- Minbaeva, D., Pedersen, T., Bjoerkman, I., Fey, C., Park, H. (2003). MNC knowledge transfer, subsidiary absorptive capacity, and HRM. *Journal of International Business Studies*, 34(6), 586–599.
- Mitry, D. J., Bradley, T. (1997). Managerial leadership and cultural differences of Eastern European economies. National University School of Business and Technology
- Mollering, G., Stahe F. (2007). German-Ukrainian Business relationship. Trust development in the face of institutional uncertainty and cultural differences. MPIfG Discussion paper 07/11.
- Morozov, V.A. (2003). Human resource management issues at commercial banks in Ukraine. *Personnel*, 11, 77-85 (in Russian).
- Morris, T, Wood, S (1991). Testing the survey method: continuity and change in British industrial relations. *Work, Employment and Society*, 5(2), 259-82.
- Morrison, C. (2011). Employment and social relations in the post-Soviet workplace: trust and control in Russian management. Eleventh International Scientific Conference on Issues of Economic and Social Development. Editor Yasin E.G. HSE. Moscow, N2
- Morschett, D., Schramm-Klein, H., Zentes, J. (2011). *Strategic International Management: Text and Cases. MIR: Management International Review*, 50 (3), 399–401. Springer
- Muller, S. L., Clarke, L. D. (1998). Political-economic context and sensitivity to equity: Differences between the United States and the transition economies of Central and Eastern Europe. *Academy of Management Journal*, 41(3), 319–329.
- Mykhnenko, V. (2005). What type of capitalism in post-Communist Europe?' Les Actes du GERPISA, 39, 83-112
- Mykhnenko, V. (2007). Poland and Ukraine: Institutional structures and economic performance. In Lane, D., and Myant, M. (Eds.) *Varieties of Capitalism in Post-Communist Countries*. London: Palgrave Macmillan.
- Myloni, B., Harzing, A., Mirza, H. (2004). Host country specific factors and the transfer of human resource management practices in multinational companies. *International journal of Manpower*, 25(6), 518-534.
- Myloni, B., Harzing, A., Mirza, H. (2007). "The effect of corporate-level organisational factors on the transfer of human resource management practices: European and US MNCs and their Greek subsidiaries." *The International Journal of Human Resource Management* 18(12), 2057-2074.
- Nashchekina O. N., 2002, *Transaction Governance and Contractual Relations in a Transition Economy: The Case of Ukraine*, Report at International Society for New Institutional Economics, 6th Annual Meeting, Cambridge, September 27-29.

- Naumov, A. (1996). Hofstede's measurement of Russia (impact of national culture on management). *Management*, 3, 71-95 (in Russian).
- Naumov, A., Puffer, S. (2000). Measuring Russian culture using Hofstede's dimensions. *Applied Psychology*, 49, 709-718.
- Naumov, A. I., Anthony, J., Sheila Puffer, S. (1995). New Paradigms for Ethical Attitudes Toward Work: A Comparative Analysis of Russian and American Job Attitudes. *Management*, 1 (1), 46-66.
- Noorderhaven, N.G.; Harzing, A.W. (2003) The "Country-Of-Origin Effect". In *Multinational Corporations: Sources, Mechanisms And Moderating Conditions*, *Management International Review*, 43(2), 47-66.
- Novitskaya, O., Brewster, C. (2016) The Impact of National Context Effects on HRM Practices in Russian Subsidiaries of Western MNCs, *Journal of East-West Business*, 22 (1), 1-27, DOI: 10.1080/10669868.2015.1112335
- Novitskaya, O. (2015). The Impact of Host Country Effects on Transferring HRM Practices from Western Headquarters to Ukrainian Subsidiaries'. *World Academy of Science, Engineering and Technology*, International Science Index, Economics and Management Engineering, 9 (5), 1484- 1492
- Novitskaya, O., Davoine, E. (2011). Трансфер Западных HR-практик в Украине. *Управление персоналом– Украина*, 9 (216), 61-65
- Novitskaya, O., Davoine, E. (2013). *Managing HRM in Ukraine*. Conference paper. IV International Science Conference: Modern economic theories and effective mechanism of management. 15 March, Simferopol, Ukraine, 40-42
- Novitskaya, O., Davoine, E., Kabalina, V., Voronina, A. (2012). *Формирование практик УЧР в российских филиалах международных компаний: динамика стандартизации, адаптации и гибридации*. 5th Annual Conference «Contemporary Problems in Management: Exploring the Boundaries Moscow, Russia, 352-363
- Nureev, R.M. (2000). *Трансформация экономических институтов в постсоветской России*. Московский общественный научный фонд. Выпуск 14
- Oshchepkov, A., Kholodilin, K., Siliverstovs, B. (2009). The Russian Regional Convergence Process: Where Does It Go? Discussion Papers. Deutsches Institut für Wirtschaftsforschung. Berlin.
- Paik, Y., Zuplev, A., Vance, C. (2002). Comparing US and Russian management styles: the influence of cultures on cooperative business ventures. *International Journal of Human Resources Development and Management*, 2 (3-4), 379 – 393
- Piekkari, R., Welch, C. (2004). *Handbook of qualitative research methods for international business*. Cheltenham, UK: Elgar Publishing.
- Portnov, A. (2011) Post-Soviet Ukraine and Belarus Dealing with “The Great Patriotic War”. In Hayoz N., Jesien L., Koleva D. (2011) *20 years after the collapse of communism. Expectations, achievements and disillusion of 1989*. Peter Lang, Bern
- Portnov, A. (2011) Post-Soviet Ukraine dealing with its controversial past. *Journal of Modern European History*, 8 (2), 152 - 155
- Pudelko, M., Harzing, A.W. (2007) How European is management in Europe? An analysis of past, present and future management practices in Europe, *European Journal of International Management*, 1(3), 206-224
- Puffer, S. (1994). Understanding the bear: A portrait of Russian business leaders. *The Academy of Management Executive*, 8 (1), 41-54
- Puffer, S. (1996). *Business and Management in Russia*. Cheltenham, UK: Elgar Publishing.

- Puffer, S. (1997). Reward allocations: a dependency approach. *International Business Review* 6(5), 453-476.
- Puffer, S., McCarthy, D. (1995). Finding the common ground in Russian and American business ethics. *California Management Review*, 37, 29-46.
- Puffer, S., McCarthy, D. (2007). Can Russia's state-managed, network capitalism be competitive? Institutional pull versus institutional push. *Journal of World Business*, 42, 1-13.
- Puffer, S., Shekshnia, S.V. (1994). Compensating local employees in post-Communist Russia: in search of talent or just looking for a bargain? *Compensation and Benefits Review*, September-October, 1-9.
- Puffer, S., McCarthy, D., Naumov, A.I. (2000). *The Russian Capitalist Experiment*. Cheltenham: Elgar Publishing.
- Puffer, S., McCarthy, D., Naumov A. (1997). Russian managers' beliefs about work: Beyond the stereotypes. *Journal of World Business*, 32(3), 258-276.
- Ralston, D., Holt, D. Terpstra, R., Yu, K. (2007). The impact of national culture and economic ideology on managerial work values: A study of the United States, Russia, Japan, and China. *Journal of International Business Studies*, 28, 177-207.
- Riabchuk, M. (2009). Agony of a "Blackmail State": Rise and (possible) fall of post-Soviet semi-authoritarian regimes. In Lushnycky, A., Riabchuk, M. (Eds), *Ukraine on its meandering path between East and West*. Bern: Peter Lang.
- Robson, C., (2002). *Real world research (Second edition)*. Oxford, UK: Blackwell.
- Rogovsky, N., Schuler, R. (1997). Managing human resources across cultures. *Business and Contemporary World*, 9(1), 63-75.
- Rondinelli, D., Black, S. (2000). Multinational strategic alliances and acquisitions in Central and Eastern Europe: Partnerships in privatization. *Academy of Management Executive*, 14(4), 85-98.
- Sánchez, A., March, J. (2002). The construction of market institutions in Russia: A view from the institutionalism of Polanyi. *Journal of Economic Issues*. Retrieved from: <http://www.ecsocman.edu.ru/text/16212727/print.html>
- Saunders, L., Thornhill (2007). *Research Methods in Business (Fourth edition)*, New York: Pearson Education.
- Schröter, O. (2013). *Swissness in foreign multinationals? standardization and cross-national transfer of human resource management practices from German and US multinational companies towards their Swiss subsidiaries*. PhD thesis, University of Fribourg, Switzerland
- Schwartz, G., McCann, L. (2007). Overlapping effects: Path dependence and path generation in management and organization in Russia. *Human Relations*, 60(10), 1525-1550.
- Shekshnia, S. (1994). Managing people in Russia: Challenges for foreign investors. *European Management Journal*, 12, 298-305.
- Shekshnia, S. (1998). Western multinationals' human resource practices in Russia. *European Management Journal*, 16, 460-465.
- Shmidt, A. (2009). Number of HR employees in Ukrainian companies. *Prazya I Zakon*, <http://www.hrc.com.ua/content/articles/index.php?article=1297>. (in Russian)
- Slobodskoï, A., V. Krylov, (2005). L'évolution de la culture d'entreprise dans la société en transition : le cas de la Russie , *Sociologies Pratiques*, 11, 121-134.
- Soldatenko, V.V., Fedorenko S. V. (2005). Analysis of investment climate in Ukraine. *Economy and State*, 5 (in Ukrainian)

- Stahl, G. K., Mendenhall, M.E., Oddou, G.R. (2012). *Readings and Cases in International Human Resource Management and Organizational Behavior (Fifth edition)*. London: Routledge.
- Standing, G., Zsoldos, L. (2000). Worker insecurities in the Ukrainian industry: The 1999 ULFS. Geneva: International Labor Organization, International Labor Office.
- State Statistics Service of Ukraine (2015) Population. Retrieved from: https://ukrstat.org/en/operativ/operativ2007/ds/nas_rik/nas_e/nas_rik_e.html
- State Statistics Service of Ukraine. Direct foreign investment (equity capital) from countries of the world to Ukraine economy. Retrieved from: <http://www.ukrstat.gov.ua>
- Swaan, W. (1997). Knowledge, transaction costs and the creation of markets in post-socialist economies. In P.G. Hare and J. Davis, (Eds.), *Transition to the Market Economy (Vol. 2)*, London: Routledge, 53-76.
- Tayeb, M.H. (2005). *International Human Resource Management. A Multinational Company Perspective*. New York: Oxford University Press.
- Tempel, A., Waechter, H., Walgenbach, P. (2006). The comparative institutional approach to human resource management in multinational companies. In Geppert, M., Mayer, M. (Eds.), *Global, National and Local Practices in Multinational Companies*. Hound-mills: Macmillan, 17-37.
- Tihanyi, L., A.S. Roath (2002): Technology transfer and institutional development in Central and Eastern Europe, *Journal of World Business*, 37, 188-198.
- Tolochko, P.P. (1987). *Древняя Русь. Очерки социально-политической истории*. Киев Наукова Думка.
- Ul'yanov, N. (1966). Proishogdenir urkainskogo separatism. Publisher Vagrius, Madrid
- Van Beek, M., Grachev, M. (2010) Building Strategic Leadership Competencies: The Case Unilever, *International Journal of Leadership Studies*, 5 (3), 317-332
- Vlachoutsicos, C., Liargovas, P. (1999). Barriers to Transition of Enterprises in BSEC Countries: From Central Planning to Market Economy. *In Southeast European Yearbook, 1997 – 1998*, ELIAMEP, Athens. 293 - 330
- Vynoslavskaya, O., McKinney, J., Moore, C., Longenecker J. (2005) Transition ethics: a comparison of Ukrainian and United States Business Professionals. *Journal of Business Ethics*. 61, 283 - 299
- Waechter, H., Peters, R., Tempel, A., Muller-Camen M. (2003). *The Country of Origin Effects in the cross-National Management of Human Resources*. München und Mering: Rainer Hampp Verlag
- Walker, C. (2006). Managing vocational education and the youth labour market in post-Soviet Russia. *The International Journal of Human Resource Management*, 17(8), 1426-1440.
- Welsh, D.H.B., Luthans, F., Sommer, S.M. (1993). Managing Russian factory workers: The impact of US-based behavioral and participative techniques. *Academy of Management Journal*, 36, 58-79.
- Werdt, C. (2011) Cossacks into state-builders—Constructing historical “Cossack-Statehood” in Ukraine. In Hayoz, N., Jesien, L., and Koleva, D. (Eds). *Twenty years after the collapse of communism*. Bern: Peter Lang.
- Whitley, R. (1999). *Divergent capitalisms. The social structuring and change of business systems*. New York: Oxford University Press.
- Yahiaoui, C., Chebbi (2008). The limits of top-down transfers within a multinational corporation: the need for knowledge hybridization. *Journal of Innovation Economics*, 2(2), 85-104

- Yin R.K. (2003). *Case study research: Design and method* (Third edition). London: Sage Publications.
- Yongsun, P., Zuplev, A., Vance, C. (2002). Comparing US and Russian management styles: the influence of cultures on cooperative business ventures. *International Journal of Human Resources Development and Management*, 2(3-4), 379-393.
- Zaikovskaya, I. (2009). Ukraine: the continuing deficit of talented top-managers. Search and Development. Retrieved from:
<http://www.hrc.com.ua/content/articles/index.php?article=1891> (in Russian)
- Zhukova, M., Korotov, K. (1998). From a personnel department in the Soviet Union to a human resources department in Russia. *Человек и труд*, 8, 88-90. (in Russian)
- Zucker, L. (1991) 'Postscript: microfoundations of institutional thought', in Walter W. Powell and Paul J. DiMaggio (ads), *The New Institutionalism in Organizational analysis*. Chicago, IL: University of Chicago Press, 103 – 7.
- Zudin A., Golikova V. (2011) Ассоциации бизнеса и кооперация между российскими предприятиями. Eleventh International Scientific Conference on Issues of 1010 Economic and Social Development. Editor Yasin E. G. HSE, Moscow, N3, 563 – 572

Attachments

Appendix 1. Interview guide (example for US company)

Personnel and IR function

role and responsibility

- are responsibilities formally laid down?
- by whom?
- reporting line?
- division of labour between

PandIR function and line managers

relations with personnel function internationally

- relations with corporate HR
- does the international product division have an HR function – role?
- any contact with HR function in other subsidiaries:
- in UK
- abroad
- international committees, working groups
- how are they managed/coordinated?
- what is their role?
- policy-making?
- role of regional HQ in HR

***** is there a written manual of personnel policy and procedures***

substantive HRM issues

Q: How far does Company set a framework for subsidiary HR?

FOR EACH ISSUE:

- are there any central policies
- do HQ take an interest?
- do they know/ask what policies are?
- are new HR policy initiatives discussed with them? (what forum)

ARE POLICIES 'PERMISSIVE' OR OBLIGATORY?

****culture management***

- mission statements/credos/codes of conduct

- international conferences, training courses, seminars
- emphasis on 'cooperative' management style?
- informal contacts and networking

integration of acquisitions

role of personnel function in due diligence and integration of acquisitions into Company structure/culture

****recruitment and selection***

- graduate recruitment
- senior management

**how are international management appointments handled? (e.g. USA approval?)*

role of central manpower planning function?

extent of external recruitment?

numbers and redundancy?

- breakdown of staff numbers by grade, site
- average length of service, turnover %
- handling of redundancy (if relevant)

****management development***

- is there pool of international managers?
- how is talent ('hipo') identified and developed?
- how are hipos monitored centrally

international mgt training programmes?

****international careers/transfers***

- number of expatriates in subsidiary (and HCNs in USA)

from US

from other countries

- what ROLE do they play?
- extent of managerial mobility
- policy and criteria
- costs and who pays

Grading structures

number of job categories

job ladders

job evaluation

what determines movement up ladders?

performance management and pay

- performance appraisal systems
- *upward* appraisal?
- pay determination

managers: senior/others

non-managers

performance-related pay?

profit-related pay

ESOP

Non-pay benefits

company cars

company housing

health insurance

sports and recreation facilities

symbolic long-service awards

family-friendly benefits

creche

Diversity and equal opportunities policy

policy on gender and ethnic diversity

disability policy

% of women etc. in workforce (broken down by hierarchical level)

Training and development

American style? (principles, priorities?)

central input into training?

central monitoring of training programmes

Working time

annualised hours

'family-friendly' work hours

term-time working

flexitime

shift-working

employee communication, participation and involvement

- communication

top-down (e.g. briefings, newsletters)

staff surveys

other

Group-wide suggestion scheme?

corporate model of participation?

what mechanisms, forums

e.g. JCC

Industrial relations and collective bargaining

Relations with the unions

union recognition/non-recognition

which unions, unionisation,

conflictivity

views, intervention of USA

collective bargaining

- HQ scrutiny of bargaining

process and outcomes?

- collective agreement

issues

e.g. shifts, teamwork, bonuses, working hours, maintaining employment

***Work organisation**

are there international principles (best practice)? e.g.

- teamworking, *Kaizen*

e.g. *how do project teams work?*

- benchmarking on comparable

production sites elsewhere

- standard operating procedures

e.g. for production

standard times etc.

- quality standards and procedures

management control

long- vs short-term planning horizons

consideration of HR issues within the

standard planning framework?

corp-wide vs. division-wide

ANNUAL BUDGET

: *process – how is the budget set?*

who does the business negotiate it with

- what sort of targets (bottom line, market share, growth?)

- how is budget perf. *monitored?*

- *sanctions* if not met?

* - are targets linked to remuneration

HR/ER in the budget process

labour costs/productivity/no's/training

what happens if not met?

international authority levels

e.g. who approves:

- expenditure/investment

are there standard **ROI** levels?

process of invt. approval

e.g. *cost comparisons with other sites*

- managerial appointments

- product range (are they standard?)
- export decisions

information systems

- what HR/IR info is collected at corporate HQ/divisional HQ or regional HQ?
- who collects it?
- what do they do with it?

Best practice

Management audit

is there a central audit unit? (corp. or div.)
 what does it do (how, when, where, who)
transfer of practices between countries -

- who monitors?
- how transferred?
- central (US) unit responsible?

Productivity comparisons between plants

is comparison made of performance in different projects?

Any areas of international standards

- standard operating procedures
- quality standards [e.g. ISO]
- international productivity initiatives

'Americanness' of company

in what ways does American influence manifest itself?

Appendix 2. The Initial Empirical Study Questionnaire

Survey

1. Company_____
2. Industry_____
3. Goods or services_____
4. Geographic markets_____
5. Size of company _____ Turnover _____ Personnel _____
6. Date of foundation _____ ☐ Greenfield ☐ Brownfield (_____% foreign ownership)
7. Merger with strategic goals of: ☐ Market share ☐ Profitability

Personal data of HR / GM

- Position _____
- Responsibilities _____
8. Age _____ years
9. Religion _____
10. Education ☐ International ☐ Local ☐ Bachelor ☐ Master
11. Working experience total _____ years At this company _____ years
12. Abroad working experience ☐ Yes ☐ No

Headquarter dependence on:

- | | Very low
1 | 2 | 3 | 4 | Very high
5 |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 13. Product designs | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 14. Production technology | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 15. Purchasing | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 16. Sales and marketing | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

17. Our company is rather decentralized with nationally self-sufficient subsidiaries, and tries to respond to national differences by adapting products and policies to the local market.

- ☐ Strongly disagree
 ☐ Disagree
 ☐ Not sure
 ☐ Agree
 ☐ Strongly agree

18. Our company is building cost advantage through centralized, globally scaled operations, and its subsidiaries act as implementing tools of the parent company strategies.

- ☐ Strongly disagree
 ☐ Disagree
 ☐ Not sure
 ☐ Agree
 ☐ Strongly agree

Communication with HQ

19. What direction? ☐ Top-down ☐ Upward ☐ Horizontal

20. Channels? ☐ Formal ☐ Informal ☐ Unofficial ☐ Other:_____

21. How often do you communicate formally and informally with members of the parent company?

- ☐ Daily
 ☐ Weekly
 ☐ Monthly
 ☐ Quarter
 ☐ Annually

Employer-employee interdependence (Work-system)

22. Degree of company commitment to retaining its core workforce and provide employment security

- ☐ Low
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ High

23. Degree of task fragmentation and specialization

- ☐ Low
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ High

24. Degree of worker discretion over how tasks are performed and involvement in problem solving

- ☐ Low
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ High

25. Degree of separation of, and segmentation between, managers and workers in their backgrounds and skills.

- ☐ Low
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ High

26. Delegation of responsibilities

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

Control

27. Whom do you report?

- ☐ GM ☐ Headquarter ☐ Other: _____

28. How control occurs?

- ☐ Direct ☐ Indirect ☐ Reports ☐ Other: _____

29. In some multinationals decision-making is largely centralized at headquarters, while in other firms subsidiaries have considerable autonomy. Please indicate this subsidiary's autonomy to decide its own strategies and policies.

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

30. Some multinationals have written rules and procedures for everything and employees are expected to follow them accurately. Other firms do not have such strict rules and procedures. Please indicate the kind of rules/procedures that headquarters exerts towards your subsidiary

- ☐ Very loose ☐ Loose ☐ Acceptable ☐ Strict ☐ Very strict

31. Some multinationals exert a high degree of output control, by continuously evaluating the subsidiary results through submission of records, reports and by direct supervision. Other firms exert very little output control beyond the requirement of occasional financial reports. Please indicate the degree of output control that headquarters exerts towards your subsidiary.

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

32. Some multinationals have a very detailed planning, goal setting and budgeting system that includes clear-cut (often quantitative) objectives. Other firms have less developed systems. Please indicate the type of planning that headquarters uses towards this subsidiary.

- ☐ Very simple ☐ Simple ☐ Normal ☐ Detailed ☐ Very detailed

33. Some multinationals make extensive use of international management training programs, where executives from different subsidiaries and headquarters attend courses that deal with the transfer of company-specific knowledge. What has been the participation of this subsidiary's executives in this kind of training programs?

- ☐ No ☐ Limited ☐ Some ☐ Considerable ☐ High participation

34. Some multinationals attach a lot of value to a strong “corporate culture” and try to ensure that all subsidiaries share the main values of the firm. Others do not make these efforts (or have made it without success). Please indicate to what extent the executives in this subsidiary share the company's main values and corporate culture.

- ☐ No
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ Fully shared values

35. Some multinationals have a very high degree of informal communication among executives of the different subsidiaries and headquarters. Other firms rely exclusively on formal communication channels. Please indicate the level of informal communication between the executives of this subsidiary and headquarters/other subsidiaries of the group

- ☐ No
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ Daily

36. Managerial control over task performance, work organization and allocation?

- ☐ Low
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ High

37. Do you have integrated information system?

- ☐ Yes
 ☐ No
 ☐ Don't know

38. Use of productivity comparisons between plants

- ☐ Yes
 ☐ No
 ☐ Don't know

39. Do you have formulated culture of organization?

- ☐ Yes
 ☐ No
 ☐ Don't know

40. Do you transfer best practices internationally?

- ☐ Yes
 ☐ No
 ☐ Don't know

41. Do you have international standards?

- ☐ Yes
 ☐ No
 ☐ Don't know

Role of HR manager

42. Is HR manager on Board of Directors?

- ☐ Yes
 ☐ No

43. Does HR manager has decision taking power?

- ☐ Yes
 ☐ No

44. Is HR manager involved in company strategy building?

- ☐ Yes ☐ No

45. Please indicate the extent to which the contribution of HRM practices towards firm performance is important.

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

46. Please indicate to what extent the following statement is true: "The headquarters management believes that the company's specific HRM practices are a source of competitive advantage and should be transferred to the overseas subsidiaries".

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

Recruitment

47. Recruiting Channels

- ☐ News papers ☐ Web site ☐ HeadHunter
☐ Personal contacts ☐ HQ ☐ Other: _____

48. Recruiting process

- ☐ Interview ☐ Recommendations ☐ Internal ☐ Assessment
☐ CV ☐ Psychometric test ☐ Application form ☐ Other: _____

49.	Disagree 1	2	3	4	Agree 5
The methods and the criteria of recruitment are similar to HQ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The methods and the criteria of recruitment were developed locally	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The methods and the criteria of recruitment were transferred from HQ and adapted to local conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

50. Trial period ☐ Yes ___ days ☐ No

51. Selection criteria are based on:

- ☐ Education ☐ Experience ☐ Connections ☐ Age ☐ Personality

52. Do you distinguish selection criteria for different markets?

- ☐ Yes ☐ No

53. Does HQ influences recruitment process?

- ☐ Yes ☐ No

54. Does your subsidiary has graduates recruitment?

- ☐ Yes ☐ No

55. Does your subsidiary have internships?

- ☐ Yes ☐ No

56. What is the percentage of expatriates in relation to total staff in the subsidiary _____%

Training and development

57. Who develops training programs?

- ☐ HQ ☐ Subsidiary ☐ Outsourcing

58. Who is paying for training?

- ☐ HQ ☐ Subsidiary

59. What is the budget for training?

_____ % _____ \$

60. How often training takes place?

- ☐ Once ☐ Monthly ☐ Quarter ☐ Annually

61. What are the subjects for training?

- ☐ Sales ☐ Marketing ☐ Finance ☐ Management ☐ Technical

62. Do you have development program?

- ☐ Yes: ☐ National ☐ International ☐ No

63.

	Disagree 1	2	3	4	Agree 5
The amount and content of training are similar to HQ	<input type="radio"/>		<input type="radio"/>		<input type="radio"/>
The amount and content of training were developed locally	<input type="radio"/>		<input type="radio"/>		<input type="radio"/>
The amount and content of training were transferred from HQ and adapted to local conditions	<input type="radio"/>		<input type="radio"/>		<input type="radio"/>

Appraisal

64. How
- ☐ Supervision
 - ☐ Reports
 - ☐ Interviews
 - ☐
65. Who
- ☐ Supervisor
 - ☐ Peers
 - ☐ Self
 - ☐ Subordinates
66. What
- ☐ Process
 - ☐ Result
67. Goal
- ☐ Performance improvement
 - ☐ Career development

- 68.
- | | Disagree
1 | 2 | 3 | 4 | Agree
5 |
|--|-----------------------|---|-----------------------|-----------------------|-----------------------|
| The criteria and the methods used to assess the performance of professionals and managers are similar to HQ | <input type="radio"/> | | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The criteria and the methods used to assess the performance of professionals and managers were developed locally | <input type="radio"/> | | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The criteria and the methods used to assess the performance of professionals and managers were transferred from HQ and adapted to local conditions | <input type="radio"/> | | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Compensation for managers / workers

69. Tools
- ☐ Salary (\$/loc)
 - ☐ Premiums
 - ☐ Shares
 - ☐ Other: _____
 - ☐ Profit sharing
 - ☐ Immaterial
 - ☐ Penalties
70. According to ...
- ☐ Production output
 - ☐ Financial results
 - ☐ Certified skills
 - ☐ Position
 - ☐ Personal contributions

- 71.
- | | Disagree
1 | 2 | 3 | 4 | Agree
5 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| The relative importance of financial bonuses as a percentage of total compensation, and the criteria employed to determine the bonus are similar to HQ | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The criteria employed to determine the bonus were | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

The financial bonuses and the criteria employed to determine them were transferred from HQ and adapted to local conditions

O O O O C

☐ Yes ☐ No

☐ Yes ☐ No

- Individually
- Subsidiary
- Industry
- HQ

Social package and bonuses

- Insurance
- Pension
- Vacation
- Illness days off
- Transportation

77. What are the bonuses for workers?

☐ Car ☐ Mobile ☐ Apartments ☐ Loan ☐ Other: _____

79.

Disagre
e

**Agr
ee**

Social package and bonuses are similar to HQ

○ ○ ○ ○ ○

Social package and bonuses were developed locally

O O O O C

Social package and bonuses were transferred from HQ and adapted to local conditions

○ ○ ○ ○ ○

80. Working time

- Fixed hours
- Flexible

81. Overwork compensation ☐ Yes ☐ No

82. Workers Vocation duration _____ days

83. Managers' Vocation duration _____ days

Trade Unions

84. Membership _____ people _____ %

85. Influence ☐ Strong ☐ Middle ☐ Weak

86. Conflicts? ☐ Yes ☐ No ☐ Don't know

Transfer HRM practices

87. What HRM practices were imposed from HQ?

- ☐ Selection ☐ Recruitment ☐ Training ☐ Compensation ☐ Appraisal
☐ Culture ☐ Development ☐ Other:_____

88. What HRM practices were taken from national system?

- ☐ Selection ☐ Recruitment ☐ Training ☐ Compensation ☐ Appraisal
☐ Culture ☐ Development ☐ Other:_____

89. What HRM practices had to be developed locally?

- ☐ Selection ☐ Recruitment ☐ Training ☐ Compensation ☐ Appraisal
☐ Culture ☐ Development ☐ Other:_____

90. What HRM practices from HQ had to be adjusted to local conditions?

- ☐ Selection ☐ Recruitment ☐ Training ☐ Compensation ☐ Appraisal
☐ Culture ☐ Development ☐ Other:_____

91. Who is responsible for transfer HRM practices?

- HQ
- Subsidiary

92. Who controls the process of transfer HRM practices?

- HQ
- Subsidiary

93. What do you consider being of local culture in your company?

94. What do you consider being of parent company culture in your company?

Appendix 3. Shortened Empirical Study Questionnaire

Survey

1. Company _____

2. Size of company _____ Turnover _____ Personnel _____

3. Date of foundation _____
☐ Greenfield ☐ Brownfield (____% foreign ownership)

Personal data of HR / GM

4. Age _____
 years

5. Education ☐ International ☐ Local ☐ Bachelor ☐ Master

6. Working experience total _____ years At this company _____ years

7. Abroad working experience ☐ Yes ☐ No

Headquarter dependence on:

	Very low				Very high
	1	2	3	4	5
8. Product designs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Production technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Purchasing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Sales and marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. Our company is rather decentralized with nationally self-sufficient subsidiaries, and tries to respond to national differences by adapting products and policies to the local market.

☐ Strongly disagree ☐ Disagree ☐ Not sure ☐ Agree ☐ Strongly agree

13. Our company is building cost advantage through centralized, globally scaled operations, and its subsidiaries act as implementing tools of the parent company strategies.

☐ Strongly disagree ☐ Disagree ☐ Not sure ☐ Agree ☐ Strongly agree

Employer-employee interdependence (Work-system)

14. Degree of company commitment to retaining its core workforce and provide employment security

☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

15. Degree of task fragmentation and specialization

☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

16. Degree of worker discretion over how tasks are performed and involvement in problem solving

☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

le
17. Degree of separation of, and segmentation between, managers and workers in their backgrounds and skills.

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

18. Delegation of responsibilities

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

Control

19. In some multinationals decision-making is largely centralized at headquarters, while in other firms subsidiaries have considerable autonomy. Please indicate this subsidiary's autonomy to decide its own strategies and policies.

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

20. Some multinationals have written rules and procedures for everything and employees are expected to follow them accurately. Other firms do not have such strict rules and procedures. Please indicate the kind of rules/procedures that headquarters exerts towards your subsidiary

- ☐ Very loose ☐ Loose ☐ Acceptable ☐ Strict ☐ Very strict

21. Some multinationals exert a high degree of output control, by continuously evaluating the subsidiary results through submission of records, reports and by direct supervision. Other firms exert very little output control beyond the requirement of occasional financial reports. Please indicate the degree of output control that headquarters exerts towards your subsidiary.

- ☐ Low ☐ Limited ☐ Some ☐ Considerable ☐ High

22. Some multinationals have a very detailed planning, goal setting and budgeting system that includes clear-cut (often quantitative) objectives. Other firms have less developed systems. Please indicate the type of planning that headquarters uses towards this subsidiary.

- ☐ Very simple ☐ Simple ☐ Normal ☐ Detailed ☐ Very detailed

23. Some multinationals make extensive use of international management training programs, where executives from different subsidiaries and headquarters attend courses that deal with the transfer of company-specific knowledge. What has been the participation of this subsidiary's executives in this kind of training programs?

- ☐ No ☐ Limited ☐ Some ☐ Considerable ☐ High participation

24. Some multinationals attach a lot of value to a strong "corporate culture" and try to ensure that all subsidiaries share the main values of the firm. Others do not make these efforts (or have made it without success). Please indicate to what extent the executives in this subsidiary share the company's main values and corporate culture.

- ☐ No ☐ Limited ☐ Some ☐ Considerable ☐ Fully shared values

25. Some multinationals have a very high degree of informal communication among executives of the different subsidiaries and headquarters. Other firms rely exclusively on formal communication channels. Please indicate the level of informal communication between the executives of this subsidiary and headquarters/other subsidiaries of the group

- ☐ No ☐ Limited ☐ Some ☐ Considerable ☐ Daily

26. Managerial control over task performance, work organization and allocation?

- ☐ Low
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ High

Role of HR manager

27. Is HR manager on Board of Directors?

- ☐ Yes
 ☐ No

28. Please indicate the extent to which the contribution of HRM practices towards firm performance is important.

- ☐ Low
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ High

29. Please indicate to what extent the following statement is true: "The headquarters management believes that the company's specific HRM practices are a source of competitive advantage and should be transferred to the overseas subsidiaries".

- ☐ Low
 ☐ Limited
 ☐ Some
 ☐ Considerable
 ☐ High

Recruitment

30. Recruiting Channels

- ☐ Newspapers
 ☐ Web site
 ☐ HeadHunter
☐ Personal contacts
 ☐ HQ
 ☐ Other:_____

31. Recruiting process

- ☐ Interview
 ☐ Recommendations
 ☐ Internal
 ☐ Assessment
☐ CV
 ☐ Psychometric test
 ☐ Application form
 ☐ Other:_____

32.

Disag
r
 Agree
 1 2 3 4 5

The methods and the criteria of recruitment are similar to HQ

- ☐ 1
 ☐ 2
 ☐ 3
 ☐ 4
 ☐ 5

The methods and the criteria of recruitment were developed locally

- ☐ 1
 ☐ 2
 ☐ 3
 ☐ 4
 ☐ 5

The methods and the criteria of recruitment were transferred from HQ and adapted to local conditions

- ☐ 1
 ☐ 2
 ☐ 3
 ☐ 4
 ☐ 5

33. Trial period

- ☐ Yes _____ days
 ☐ No

34. Selection criteria are based on:

- ☐ Education
 ☐ Experience
 ☐ Connections
 ☐ Age
 ☐ Personality

35. Does your subsidiary have graduates recruitment?

- ☐ Yes
 ☐ No

36. Does your subsidiary have internships?

- ☐ Yes ☐ No

37. What is the percentage of expatriates in relation to total staff in the subsidiary _____%

Training and development

38. Do you have development program?

- ☐ Yes: ☐ National ☐ International ☐ No

39.	Disag r	1	2	3	4	Agree 5
The amount and content of training are similar to HQ	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The amount and content of training were developed locally	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The amount and content of training were transferred from HQ and adapted to local conditions	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appraisal

40. How	<input type="radio"/> Supervision	<input type="radio"/> Reports	<input type="radio"/> Interviews			
41. Who	<input type="radio"/> Supervisor	<input type="radio"/> Peers	<input type="radio"/> Self	<input type="radio"/> Subordinates		
42. What	<input type="radio"/> Process	<input type="radio"/> Result				
43. Goal	<input type="radio"/> Performance improvement	<input type="radio"/> Career development				
44.	Disag r	1	2	3	4	Agree 5
The criteria and the methods used to assess the performance of professionals and managers are similar to HQ	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The criteria and the methods used to assess the performance of professionals and managers were developed locally	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The criteria and the methods used to assess the performance of professionals and managers were transferred from HQ and adapted to local conditions	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Compensation for managers / workers

45. According to ...

- ☐ Production output ☐ Financial results ☐ Certified skills ☐ Position ☐ Personal contributions

46.					
		Disag			Agree
		r			
		1	2	3	4 5
The relative importance of financial bonuses as a percentage of total compensation, and the criteria employed to determine the bonus are similar to HQ		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The criteria employed to determine the bonus were developed locally		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The financial bonuses and the criteria employed to determine them were transferred from HQ and adapted to local conditions		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

47. Do trade unions influence compensation?

☐ Yes ☐ No

48. Level of negotiation for compensation?

☐ Individual ☐ Subsidiary ☐ Industry ☐ HQ

49. How many term contracts _____

Social package and bonuses

50.					
		Disag			Agree
		r			
		1	2	3	4 5
Social package and bonuses are similar to HQ		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social package and bonuses were developed locally		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social package and bonuses were transferred from HQ and adapted to local conditions		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

51. Workers Vocation duration _____ days

52. Managers' Vocation duration _____ days

Trade Unions

53. Membership _____ people _____%

54. Influence ☐ Strong ☐ Middle ☐ Weak

55. Conflicts? ☐ Yes ☐ No ☐ Don't know

Transfer HRM practices

56. What HRM practices were imposed from HQ?

☐ Selection ☐ Recruit-t ☐ Training ☐ Compensat ☐ Appraisal
☐ Culture ☐ Developmen ☐ Other:_____

57. What HRM practices were taken from national system?

- | | | | | |
|---------------------------------|---------------------------------|---------------------------------------|-----------------------------------|---------------------------------|
| | <input type="radio"/> Recruit-t | <input type="radio"/> Training | <input type="radio"/> Compensat | <input type="radio"/> Appraisal |
| <input type="radio"/> Selection | <input type="radio"/> Culture | <input type="radio"/> Developmen
t | <input type="radio"/> Other:_____ | <input type="radio"/> |

58. What HRM practices had to be developed locally?

- | | | | | |
|---------------------------------|---------------------------------|---------------------------------------|-----------------------------------|---------------------------------|
| | <input type="radio"/> Recruit-t | <input type="radio"/> Training | <input type="radio"/> Compensatn | <input type="radio"/> Appraisal |
| <input type="radio"/> Selection | <input type="radio"/> Culture | <input type="radio"/> Developmen
t | <input type="radio"/> Other:_____ | <input type="radio"/> |

59. What HRM practices from HQ had to be adjusted to local conditions?

- | | | | | |
|---------------------------------|---------------------------------|---------------------------------------|-----------------------------------|---------------------------------|
| | <input type="radio"/> Recruit-t | <input type="radio"/> Training | <input type="radio"/> Compensat | <input type="radio"/> Appraisal |
| <input type="radio"/> Selection | <input type="radio"/> Culture | <input type="radio"/> Developmen
t | <input type="radio"/> Other:_____ | <input type="radio"/> |

60. Culture

- What do you consider being of local culture in your company?
- What do you consider being of parent company's culture in your company?

Appendix 4. Selected cases: analyzing Ukrainian host country effects.

Case study #1: USM

Company profile. US M (hereafter the company) was established in 1891 as the US subsidiary of a German company. The company was later reestablished as an independent American company through mergers and acquisitions, and the company became the largest US drug maker and pharmaceutical research center. As of 2014, the company is one of the largest global health care companies and delivers innovative health solutions through its prescription medicines, vaccines, biological therapies, animal health, and consumer care products. The company sells its products to drug wholesalers and retailers, hospitals, physicians, government agencies and managed health care providers. The company is active in acquiring and marketing products through external alliances, such as joint ventures and licenses.

The company's corporate headquarters is in New Jersey, US, and its operations outside the US are conducted primarily through subsidiaries. The company has expanded its operations in countries in Latin America, the Middle East, Africa, Eastern Europe and Asia Pacific. In 2012, the company had approximately 86,000 employees worldwide, with approximately 33,100 employed in the US.

Subsidiaries outside the US had worldwide sales equal to 57% of the company's sales in 2011, 56% of sales in 2010 and 47% of sales in 2009. The increase in the proportion of sales outside the US in 2010 was primarily due to the inclusion of a merged company's sales. In line with this merger, the company commenced actions under the Merger Restructuring Program, which was intended to optimize the cost structure of the newly integrated company. The company's workforce in manufacturing, administration and headquarters was reduced by 13% worldwide.

As a global health care company, the company's primary role is to discover and develop innovative medicines and vaccines. The company also recognizes that it has an important role in helping to improve access to its products around the world, pricing many of its products through a differential pricing framework that considers factors such as a country's level of economic development and public health needs.

Ukrainian subsidiary. The Kiev office acquired by US M has been operating since 1996. At that time there were only 70 employees who were responsible for the company's operations in the entire CIS region, namely Ukraine, Belarus, Moldova, Kazakhstan, Kyrgyzstan, Uzbekistan, Georgia, Armenia, Azerbaijan and Tajikistan. In 2009, after the merger with US M, the Ukrainian company was renamed. Since then, the Ukrainian market has been placed among priority countries and attracted attention from HQ in terms of investments and control. Today, the company in Ukraine employs about 300 people. The Ukrainian subsidiary supports sales functions and does not have any production units. Consequently, the majority of employees are sales agents and administrative personnel.

Strategy and structure. The HR strategy of the company corresponds with the overall corporate strategy, which is intended to optimize the cost structure under the company's global Merger Restructuring Program. The company is building cost advantage through centralized, globally scaled operations, and its subsidiaries implement components of the parent company's strategies.

The transformation focus of HR departments is guided by these key principles:

- Focus on key growth areas of the business
- Complete post-merger integration and harmonization efforts
- Increase partnership with Shared Business Services (SBS) globally
- Expand line manager accountability
- Simplify planning, integration, and implementation of HR programs and processes
- Continue outsourcing work more effectively
- Simplify structure and approach
- Broaden roles within HR to create richer opportunities

In addition, HR managers should keep the focus on HR operations, which are grouped into three categories:

Prioritize

- Prioritize and deliver the HR products and services (solutions) that best enable clients to achieve their business objectives

Align

- Improve HR resource alignment with the HR strategy
- Integrate and improve operational efficiency of all resources dedicated to HR execution

- Enable a subset of HR resources to focus on the more strategic, high value components of HR's mission

Simplify

- Consolidate resources dedicated to HR program execution and focus on developing simple, effective HR products and services (solutions) that best serve clients' needs.

Initially, the company positioned itself as a global company. US revenues have been higher than international ones, but recent acquisitions have shifted the attention of the company's top management to emerging markets, including the EMEA area (Eastern Europe, the Middle East and Africa). This grouping of countries is new for the Ukrainian subsidiary, which was under the Central and Eastern Europe (CEE) region before the merger. At the company's corporate meeting, Ukrainian managers felt strange but excited to meet with managers from Pakistan and Dubai. Some members were not willing to share the room with their political enemies and were separated into subregions. As a result, Israel was added to the Eastern Europe subregion, which became EEI (Eastern Europe and Israel). The regional office of the EEI subregion is in Luzern, Switzerland, and the upper-level managers are Israeli.

Due to the matrix structure of the company, the HR manager of the Ukrainian subsidiary reports to both the GM of the subsidiary and the HR leader of the region. The HR manager of the Ukrainian subsidiary is empowered within the HR function and is part of the board of directors. The GM of the subsidiary always consults the HR manager on all questions related not only to HR but also to the unit's overall strategy.

The chain of the global HR operating structure consists of senior leaders, who set strategy in line with company priorities; Centers of Excellence (COE), which design programs and frameworks; HR operations, which deploy HR programs; line managers, who apply frameworks and tools; employees, who perform and develop; and customers, who receive value from the company. Senior leaders, COE and HR operations are supported by HR business partners, who consult and advise them on business strategy, service delivery, talent pull-through, and labor/employee relations for senior leaders. The shared business services provide transactional services and basic policy interpretation to all units of the chain.

Practices such as compensation and benefits, talent management, staffing, learning, and diversity and inclusion are designed at the global COEs. HR operations translate designs from COEs into simple and integrated processes, systems, tools, and

packaged products for delivery to clients globally.

Control. After becoming a prioritized country, HQ began to tightly control the Ukrainian subsidiary of the company. The presence of both formal and informal types of coordination were observed at the unit. Among formal mechanisms, the subsidiary is under very strict control including following written rules and procedures, a high level of output control, and very detailed planning. Informal mechanisms such as corporate training programs, corporate culture and informal communication between the executives of the subsidiary and HQ were also of high importance. Managerial control over task performance, work organization and allocation within the subsidiary was also considerable, reflecting the strict requirements of HQ. Control through expatriates is losing its priority as the subsidiary develops over the time, but this control still occurs. Expatriates hold all managerial positions.

An excess of formal procedures significantly slows down reactions to events at the subsidiary level, especially if this subsidiary is in a small region (in terms of revenue) like Eastern Europe. Down-top communication from this region is very slow, but communication is effective and every request is always answered, as the following interviewee states:

For example, we have an annual survey. Every employee takes part in it. They write what they want, evaluate the company, give feedback. There are separate sections for manager evaluation. The company does it globally at the same time, but the survey is customized for every country. It's always in the native language, so people can write freely. Our company is really big, that is why we are waiting for results for so long and then we are making action plans on these results with a long delay. It's just not valid anymore. We had a survey after the merger, and we got results after a year.

However, regional communication is much more efficient. Every quarter or half-year, there are regional meetings in which all HR projects are discussed and plans of actions are designed.

Corporate culture. The company has a very well-articulated corporate culture, which is formulated in the US and diffused to its worldwide subsidiaries with very little room for adaptation. This culture distinguishes the company from its competitors and other large MNCs. As an HR manager mentioned:

They (employees) often choose US M among other companies. Sometimes

even if there are equal terms, medical representatives come to us. I also wanted to know why. And they say that there's something in our culture. When they say "culture", what do they mean? I guess it's a thing that is difficult to measure, but it's something that people with a fresh view always notice. They say something like: "Polite attitude, feeling of stability". Stability is actually a bright side of all this bureaucracy. They know that they already got their salary and will get it again, as well as benefits. They also will be heard. Anyone can come to compliance, and he will be heard. You can write a complaint and you will always get an answer.

But without a strong leader such culture would not be so visible, as one interviewee states, "Executives are the core of our culture. CEO and top management ... They are so brave". The leadership is crucial for cultural changes at the subsidiary level and at the regional and HQ levels. Upper-level management's speed of action influences employees' perception of the healthy culture of the organization. The positive attitude toward the corporate culture and employees' perception of stability is a challenging task for HR managers when rapid growth through mergers and acquisition leads to frequent cultural change. The HR manager's role is to communicate these changes to managers and employees in the most effective and efficient way, to help them to adapt quickly to the new requirement and to acquire a good understanding of new practices. For Ukrainians, changes are less painful than for some Europeans who live in a stable environment and are sure that tomorrow will be the same as yesterday. The perception of stability in a constantly changing environment is not easily developed within an organization. For example, prior to the merger in 2009, there was another merger that strongly reflected the corporate culture of the company. As a Ukrainian HR manager stated: "Every two years we build everything from scratch, because we bought a new company with its own culture, we absorbed it and then the company bought us and now we are building something new again."

The recent merger resulted in the melding of two different sets of values. One company's slogan was "Earn trust everyday", calling for active competitive behavior, contrary to the more passive and peaceful approach of another company with the slogan "Be well". As one HR manager sees it:

The red color, it is a very strong emphasis on promotion, marketing. And the

company has its turquoise color, with emphasis on development of new drugs, science, education, ethics and compliance. No one else has so much of it. More approval. Don't be in a hurry, it's better to get one more approval. Let it be later, but with more quality. Totally different.

In 2011, HQ sent new guidelines to the Ukrainian subsidiary called "HR transformation", delineating HR's vision, value proposition, operating structure, role and timeline for implementation of certain changes. Yet, HQ did not explain how exactly changes should be implemented. The HR manager and the GM of the Ukrainian subsidiary had to find the answer to questions such as, "How do we do it? How do we make these values a part of our people, a part of their DNA?" The Ukrainian HR department assumed a role in harmonizing the corporate cultures and searching for ways to turn written words into reality: "We have this book on culture. That's what they gave us. And then we have to make it alive. Not just give out the books. We want it to work. That's what is interesting here."

The first step in implementation of the new culture was to translate information diffused from HQ, including leadership behavior principles, from English into Russian or Ukrainian languages. Next, the Ukrainian subsidiary launched a new program called "DNA", which was a regional initiative that aimed to assimilate new culture and leadership behavior principles among managers and employees. Every quarter, one or two principles of leadership behavior were presented in detail and employees were encouraged to follow them. Employees who could present their successful adaptation of these principles were given US\$100-\$200. This award was not meant as material compensation, but was intended to facilitate social competition and to involve employees in the process of change.

The newly created company implemented another initiative on the grading and compensation system. There were two systems between the merged companies, which were turned into one solid, improved system that combined the best features of the former systems.

Despite the value of the new, long-term incentive program that provided stock options to its managers, the system was not always understood and appreciated in Ukraine. As an HR manager stated: "The more I talk about it and hear about it, the more I believe in it. But for someone, who just started induction, for the first time in the company, and getting to know the history of our company, for such a person it's

so difficult to understand what does it mean. Especially for a person who never traded on the New York Stock Exchange.”

Therefore, such an American practice does not fit well into Ukrainian culture. Some of the recruitment policies confuse Ukrainians as well. In a society in which recruitment is based on personal connections and family connections, it is difficult to explain why the company prohibits relatives from working together. Discrimination policies are also new for Ukrainians, and restrictions on questions about age or religion are not strictly followed.

Recruitment and selection. HQ formulates the recruitment policy on who and how to recruit and diffuses the policy to subsidiaries. American standards such as the prohibition on recruiting relatives and asking questions about age or religion are also imposed. The policy on discrimination is not followed strictly due to the absence of legal regulation in Ukraine.

Recruitment strategies include personal contacts, the company website, and headhunters. For exclusive searches, the Ukrainian subsidiary outsources to providers like Hudson. Education, experience, age and personality are of high priority in the company’s selection criteria. Since 2013, university graduate recruitment for the Ukrainian subsidiary has occurred.

Training and development. There are two mandatory programs developed at the US company’s Learning Institute and diffused to all subsidiaries. One of them is the Management Foundation, required for every manager hired. Another program is the Business Leadership Program (BLP) for talented managers who have worked for the company for three to five years and are ready to be promoted. These programs are delivered in English and occur at locations across the globe, depending on the group’s composition. Ukrainian managers participated in this program mostly in Dubai, Moscow and Vienna.

Local training programs are designed and delivered by an internal trainer based on the business needs. They are focused primarily on sales personnel and cover topics such as negotiations, sales visits, and emotional competence. HQ provides training portfolios to its subsidiaries that internal trainers can use, but it is the manager’s responsibility to order the training, while the trainer chooses how to deliver it. The training portfolio includes ready-to-teach textbooks, learning modules and web modules. When the corporate portfolio is not sufficient, the internal trainer can develop some programs independently or turn to the external providers, like Kiev-

Mohyla Business School.

The induction training, which accustoms newcomers to the company's products, is a local initiative. As an HR manager noted: "It's like air to breathe. When we have a new employee we have to organize on-boarding for him. He needs to get an induction. He needs to understand where he is, who are all these people around him. What main procedures and rules do we have. What does he have to know".

When an employee reaches the managerial level, he can participate in the rotation program designed by HQ; however, further career development is planned by his/her manager during the appraisal process. The global plan for career development encompasses the competencies, skills and experience required for each position and encourages development in horizontal and vertical directions.

Performance appraisal. The appraisal process at the Ukrainian subsidiary consists of three meetings in which the manager and subordinates discuss the results of subordinates' work. The structure of the appraisal process has been diffused from HQ and is the same in every unit across the globe. This structure includes the number of meetings that should be held during the year and the appraisal criteria or goals that must be achieved. The subsidiary sets the numerical values of the goals according to local conditions and market trends. One can argue that such an approach is focused only on *results* instead of the *process* of achieving the goals, but in reality, compliance dictates how employees should act, and therefore brings the process into consideration.

The PMP (Performance Management Program) "means rights for the employees, but also it's a burden for managers". From the manager's side, the program must be executed correctly to clearly formulate the goals of the meetings, provide objective feedback, plan further actions and assign needed training or support. The role of HR managers is important for explaining the outcomes and ensuring that managers and their subordinates follow the process. The PMP affects the size of bonuses and salaries, career development, training opportunities and one's position in the talent pool. HR managers participate at every stage of this process, facilitating difficult meetings, answering questions, assisting in goal setting, dividing up tasks and identifying needed skills for successful task completion, resulting in improvements to the PMP. In addition, HR managers control the marks that managers give their subordinates. Following the rule of distribution, in which each mark should represent a certain percentage of the total sample, HR managers review the appraisal

outcomes and return them to managers for corrections. Local managers along with their country manager discuss and defend their evaluation decisions. HR managers also guide the process of goal setting. The SMART approach is explained with examples, such as sales targets of this amount were met by the deadline, this number of presentations and roundtables occurred within the year, this number of opinion leaders were involved and so on.

Sometimes the Ukrainian subsidiary outsources local providers to fulfill some functions. To develop the managerial team to perform at even higher levels of efficiency and productivity, the subsidiary turned to Hudson, which provided talent management services. Over the course of two years, Hudson conducted assessment centers in all CEE countries where the company operated, providing a unique match of competencies that was utilized in all company locations.

Compensation and benefits. Compensation and benefits policies are standardized in the company and are tied to the financial results and the position of employees. Subsidiaries collect data about the market trends of salaries and send the data to HQ. In return, subsidiaries receive a strict format of grades with a minimum, median and maximum salary range for each cell in the matrix. One of the fundamental policies on compensation and promotion sets the standard salary increase at 10% or the minimum of the next salary range. This approach significantly complicates retention of valuable employees. As an HR manager noted:

Everything that has something to do with CompandBen doesn't change. Promotion program, retention, it all grouted into concrete and we can't change it. Even if we really want to retain a person, raise his salary, we can't do that. For example, when employee gets 10% instead of desired let's say 30%, he gets upset and quits. There's nothing we can do here. We can try giving him retention bonus or try to talk to him, make some kind of emotional impact... That's why I prefer to tell him about this policy during the induction.

A positive effect of the merger on the compensation and benefits system was an increase in the salary adjustment for inflation. As of 2014, the adjustment is 10-11% compared to 3%. Ernst andYoung's statements on the market's level of inflation guide the company's salary adjustments.


The company also has share-based compensation plans under which directors and employees who have worked at the company for more than three years and are in


the talent pool may be granted options to purchase shares of the company's common stock at fair market value. In addition to stock options, the company grants performance share units (PSUs) and restricted stock units (RSUs) to certain management-level employees. Holders of RSUs and PSUs participate in dividends. As one interviewee noted,

Every level has some index, how many people can get stock. For example, 10% of specialists on this level, 30% or 50% on that level. The higher level, the more people get stock. It is believed that the higher position someone holds, the more he has done for the company, so he should be appreciated and retained. So on the executive level everyone has stock.

Table 62. HRM practices at Ukrainian subsidiary of US M and influencing factors

Pressures for integration	Dominance effects	Host country effects	HRM practices					National context effects
			Organizational effects		Standardized		Local or <i>disintegrated</i>	
Working system	Coordination mechanisms	Contingency factors	Merged in 2009	RandS	Outsourced recruitment	<i>Prohibits relatives to work together</i>	Personal network culture	
			300 employees		Selection criteria	<i>Restrictions on questions about the age or religion</i>	Homogeneous labor market, No such legislation	
			Brownfield		Headcount	<i>Graduate recruitment</i>	Underdeveloped links with universities	
			100% ownership			Through personal contacts	Trust only within social groups	
		Pharm	TandD	Talent Management program	<i>Rigid Promotion system</i>	High turnover		
		Strong HQ dependence		Management Foundation for every manager	Local training programs for employees	Lack of centrally organized training		
		High Importance		Business Leadership Program for talented managers	The induction training	Significantly different working environment		
		Transnational Strategy		Rotation program				
	Matrix Structure	CandB	Stock options for managers					
	Strict Control F/I		Tied to the financial results, position and personal contribution of employees	<i>Rigid Grading system</i> <i>Share-based compensation plans for workers</i>	High turnover, no trade unions Weak capital market Low trust in financial institutions			
	Expatriates 10% Heads	PA	Structure contains the number of meetings and appraisal criteria or goals					
	Empowered HR		Results and process (compliance)					
			Performance and development					
			360 degree					
	Working system	Other	Considerable Commitment Considerable Fragmentation					
			Considerable Involvement		<i>Diversity policies</i>	Homogeneous labor market, Women prefer family to career		
Considerable Separation				<i>Flexible working time</i>	Restricted legislation			
Considerable Delegation								

 Standardized practices or facilitators to transfer

 Localized practices or barriers to transfer

Russian subsidiary of US M. The Russian subsidiary of US M began its existence in Russia in 2010 as a result of a merger with a similar US pharmaceutical company with German roots, which had been in the Russian market since the 19th century. Along with the US market, Russia is a key market for both the current company and its predecessor. As of 2014, the company employed about 900 people who are involved in administration and sales activities. In Russia, there are no production sites and all goods are imported.

Strategy and structure. The strategy, rules and procedures are the same for all subsidiaries and therefore have to be strictly followed. Some policies and objectives are adjusted for the Russian context. In general, the company formulates global policies based on input from its subsidiaries, which represents a transnational strategy.

The Russian subsidiary reports to its Regional HQ in Lucerne, Switzerland, which transfers most HRM practices to the subsidiary. Some practices are then adjusted to the local context. Due to the matrix structure, the HR manager of the Russian subsidiary reports monthly to both the local general manager and the regional head of HR. The connection with the regional head of HR is less formal in terms of the exchange of information, and is represented by a “dotted line”.

Control. Because there are no production sites in Russia, and all products are imported from Europe, the Russian subsidiary is strongly dependent on its HQ’s resources. The subsidiary reports monthly to HQ, in addition to a constant exchange of information through emails and teleconferences. In general, formal communication with HQ is well developed. The Russian subsidiary contacts its regional HQ at least two to three times a week.

HQ’s formal control of the subsidiary consists of written rules and procedures diffused from HQ with some local adaptations. In addition, HQ engages in strict financial monitoring and detailed planning. The subsidiary has more autonomy in terms of informal control. Tools such as international management training programs, corporate culture and informal communication channels are poorly integrated. The work system at the Russian subsidiary varies according to the position and personality of the manager, although the company provides some frameworks in the form of goals and objectives and ways to achieve those. When asked about the degree of worker discretion, an HR manager of the Russian subsidiary responded:

It depends on position and the manager. Some managers want their workers to be independent, while others prefer strict control and detailed planning. At the same time, every employee has particular goals and objectives which need to be achieved. An employee is free in choosing the way of achieving the set goals but within the framework of provided norms.

As a result, the degree of delegation of responsibilities also depends on the manager, and the majority of managers prefer to keep control: “This is the area for development of some of our managers, who prefer to keep the control without delegation”.

Recruitment and selection. The influence of regional HQ on recruitment practices at the Russian subsidiary is limited to the headcount regulation and approval of upper-level managers through interviews. Among the recruitment channels the Russian subsidiary uses, the corporate referral program is important. In addition, the subsidiary uses social networks such as LinkedIn, personal contacts, networking and job sites such as hh.ru. Some candidates apply directly through emailing or calling the company.

The selection process consists of screening the CV and conducting two stages of interviews, the first with the HR manager and the second with the line manager. Often, recommendations are requested to acquire a better understanding of the candidate. Recently, skills tests have been utilized as well.

The methods and criteria of recruitment differ from HQ because the Russian subsidiary can't use the global website. As a Russian HR manager stated:

In Europe it is actively used the IT system, which allows to line the managers to manage the recruitment process on their own. We have the basic version of this system implemented in our subsidiary, but it is not effective here. This system assumes that candidates can apply for open vacancies only from the global website. There are very few Russian candidates who would look for vacancies at the global site and even fewer who can actually fill out the application form in English. Another specific of our local recruitment is that we are in a closer contact with HR business partners, who participate in the interview process and prepare the job offer for successful candidates.

The same HR manager mentioned that recruitment is different for the local companies, as the line manager is highly involved in this process: “For some positions, especially MedReps, the line manager is a key person in the entire process. He holds the interviews often without any support from the HR manager.”

Among selection criteria, the HR manager emphasized the candidate’s experience, motivation and personal qualities. For some positions, it is also important to have medical or pharmaceutical education.

Training and development. The training programs are developed and provided by the mutual efforts of HQ and the Russian subsidiary. The most common and frequent training course is English language, which is needed for many positions. The course on sales techniques is second highest in importance. There are also courses such as marketing and finance for managerial positions and an international management development program.

Performance appraisal. The common appraisal method consists of written reports and the supervisor’s personal observation. Twice a year, the employee’s goals and objectives for the coming half-year are set and then reviewed for appraisal. For sales personnel, the numerical results are the main indicators in their appraisal, and for other positions their work process is taken into account. The appraisal results are used for both performance improvement and career development.

Compensation and benefits. HQ designed the compensation system, consisting of a fixed salary and bonus plan, which differs according to the position. The bonus plan has two parts, the fixed and the variable. For sales personnel, the variable part depends on whether they have achieved certain sales goals, and for other positions, their personal performance and the company’s financial results are factors.


Benefits the company provides include medical insurance for employees and their spouses, lunches, a mobile phone, internet access, and corporate cars for sales representatives and managers. The corporate policies set the model of the car and for which positions it is provided. For upper-level management the company provides additional benefits.


The company provides the opportunity to telecommute with approval from top management. Flexible working hours are allowed for sales representatives, because they have to work in the field and report hours based on number of visits instead of number of hours. The duration of vacations is the same for all employees and is 28 days.

As for American culture, the HR manager observed its influence in the development and retention practices and in decentralization of HR functions to line managers. Russian culture had an influence on the corporate bureaucracy, which involves a lot of paperwork for HR managers.

Table 63. HRM practices at Russian subsidiary of US M and influencing factors

Pressures for integration	Dominance effects	Host country effects	Organizational effects		HRM practices		National context effects	
			Contingency factors	Coordination mechanisms	Standardized	Local or <i>disintegrated</i>		
➡	➡	➡	Contingency factors	RandS	Merged in 2010	Outsourced recruitment	HR and line manager involvement in recruitment process	Lack of knowledge on recruiting techniques
					900 employees	Referral program	<i>Graduate recruitment</i>	Underdeveloped links with universities
					Brownfield	Headcount	<i>Global recruiting site</i>	Language barriers
					100% ownership	Top management position approval	Through personal contacts	Personal network culture
			Coordination mechanisms	TandD	Pharm	International management development program	English courses	Language barriers
					Strong HQ dependence		Local training programs for employees	Lack of market oriented knowledge
					High Importance			
					Transnational Strategy			
				CandB	Matrix Structure	Fixed salary and bonus plan		Unstable environment
					Strict Control F/I	Tied to the financial results, personal contribution, and position of employees	<i>Rigid Grading system</i>	High turnover, No trade unions
					Expatriates 1% Heads		Share-based compensation plans for workers	Weak capital market
					Empowered HR	Structure of reports	Personal observation by supervisor	Low trust in financial institutions
Working system	PA		Performance and development	Results, not process				
	Other	Work on distance						

 Standardized practices or facilitators to transfer

 Localized practices or barriers to transfer

Comparative Analysis

Table 64. A summary table of Russian and Ukrainian subsidiaries of US M

	Ukraine	Russia
Contingency factors:		
Founded in	1997	2010
N of employees	300	900
Foreign ownership	100%	100%
Gr/Br	Brownfield	Brownfield
HQ dependence	Strong	Strong
Subsidiary importance	High	High
Coordination mechanisms:		
Strategy	Transnational, cost control	Transnational
Structure	Matrix	Matrix
Control	Strict, F/I	Strict, F
Expatriates	On top positions, 10%	1% Heads
Role of HR function	High importance	High importance
Work system:		
Involvement	Considerable	Some
Task fragmentation	Considerable	Some
Worker-manager separation	Considerable	Some
Delegation	Considerable	Some
Employer commitment	Considerable	Some
Local and disintegrated HRM practices:		
RandS	Prohibits relatives to work together	HR and line manager involvement in recruitment process
	Restrictions on questions about the age or religion	Local recruiting sites
	Graduate recruitment	Graduate recruitment
	Through personal contacts	Through personal contacts
TandD	Rigid Promotion system	
	Local training programs for employees	Local training programs for employees
	The induction training	
CandB		
	Rigid Grading system	Rigid Grading system
	Share-based compensation plans for workers	Share-based compensation plans for workers
		Personal observation by supervisor
Other	Diversity policies	Results, not process
	Flexible working time	Diversity policies

Case study # 2: US Mi

Company profile. US Mi (hereafter the company) is a multinational company with offices in more than 100 countries that was founded in 1975 in the US. After an initial public offering in 1986 followed by corporate acquisitions, the company became the market leader in computer software and hardware. The company's products include operating systems for computing devices, servers, phones, and other smart devices; server applications for distributed computing environments; productivity applications; business solution applications; desktop and server management tools; software development tools; video games; and online advertising. The company also designs and sells various hardware devices. In addition, the company conducts research and develops advanced technologies for future software, hardware, and services.

As of 2014, the company employed about 99,000 employees worldwide. The company's sales worldwide by subsidiaries outside of the US were 45.6% of sales in 2011, 42% of sales in 2010 and 43% of sales in 2009. As of 2014, revenue from outside of the US market equals 56% of total earnings. The increase in the proportion of sales outside of the US was primarily due to the fast growth of emerging markets including China.

Ukrainian subsidiary. In Ukraine, the subsidiary of US Mi was opened in 2003 and its function was to localize, develop the software market and sell the company's products. Until 2009, an expatriate was the General Manager at the Ukrainian subsidiary. More recently, the subsidiary has focused on the succession of local managers. In total there are 125 employees, one third of them outsourced.

Strategy and structure. The corporate strategy is transnational, and attempts both responsiveness and integration. The company operates as a global network, with each subsidiary given responsibilities related to its capabilities and strategic mission. The global products and services are localized, relying on global expertise, technology and resources. As a result, the HRM strategy is eclectic, borrowing best practices from around the world, rather than giving preference to either headquarters or local practices. This strategy balances both global integration and local responsiveness.

The corporate structure corresponds to the strategy of the company and represents a global matrix. The HR manager at the subsidiary reports to the local GM

and regional HQ in Munich, Germany. The Ukrainian subsidiary is included in the CEE region, which is included in the larger EMEA region. HR at corporate HQ and HR at the subsidiary try to balance control over HR decision making, while the HR director at the subsidiary has relative autonomy over the local HR strategy. The importance of the Ukrainian market for the company is less significant than the Russian market.

Control. The company applies common standards for everyone. HQ executes control over the Ukrainian subsidiary using both formal and informal mechanisms. In the realm of formal control, the subsidiary has a low level of autonomy, providing quarterly written reports on its performance, and strictly follows corporate rules and procedures. HQ provides very detailed planning and executes stringent control over the results of the subsidiary. The formal communication channels are also well developed and include in-person meetings and monthly calls among managers. Informal control occurs through international managers' training programs and a strong corporate culture. Informal communication channels are also well developed.

Corporate culture. In describing the corporate culture, the HR director described features such as orientation toward results, competitiveness, openness, and democracy. This culture is seen in every subsidiary and local employees highly respect it.

Recruitment and selection. The company has strict global recruitment metrics concerning the quantity and quality of candidates, as one interviewee claims: "They are all corporate standards. Standards are uniform, and they are shifted to us top down. The company wants to see uniform style and effectiveness of work."

Recent hiring trends require gender diversity, and women are recruited for all positions including top managerial positions. The Ukrainian subsidiary aims for the market level of 30% female employees, and seeks women with technical backgrounds, which is a great challenge for the HR department. As the HR manager stated: "The focus is set on females. For example, we need to find a young female graduate for an IT Pro Evangelist. This is a very difficult task, and we still haven't completed it, we keep searching. This person will have to work with IT professionals and educate them about our products. We used to have a real guru in this position; the whole market knew and adored him."

Another challenge concerns the complexity of newly emerging positions that can be difficult to fill locally. For positions that cannot be filled within the local

market, the subsidiary hires employees from other countries through the company's global pool. As a result, expatriates are in all of the top positions. The HR managers of the Ukrainian subsidiary tend to use their own resources for recruiting to reduce costs and improve efficiency. The global company supports the local efforts by providing all necessary training opportunities, as one interviewee indicated: "We have a set of 12 trainings on soft skills, all of them are closely connected to our competencies. Just choose and go, nobody will interfere; the budget is formed based on the assumption, that every person goes there once or twice a year."

Graduate recruitment is very low at the Ukrainian subsidiary, consisting of about two to three positions a year, divided between two programs: the graduate and the MBA graduate. The company is focused mostly on experienced professionals, and therefore performance results are expected immediately.

Training and development. The company invests heavily in training and development of its employees. HQ sets the budget for all training and development programs. About one third of all provided training programs are obligatory and include online and classroom-based courses. For classroom-based courses such as "group collaboration", the company contracts with external providers, who were assigned by global or regional offices. These courses are standardized on the regional level to provide consistency in the comprehension of particular terms and methods. As an HR manager mentioned: "So, if I want to communicate with Ireland, I will most probably know the same, so it will be easier to speak the same language in the future, than in the case we are trained by Ukrainian providers."

In addition, the subsidiary can order various programs such as "adaptive leadership" or a coach who would be assigned to the GM to develop a leadership team within the subsidiary. Local providers can also be contracted if there is a need. Among obligatory courses for HR managers, there is a set of 12 sessions on soft skills, which are related to the competencies and can be attended at any time. The budget for this course is allocated in such a way that each employee can attend it at least once a year. Obligatory online courses are held five to ten times per year, and classroom-based international courses occur two to three times a year. These courses cover subjects such as marketing, management, personal effectiveness, leadership, and technical product knowledge.

Talent management and succession planning have become highly important recently. Due to the flat organizational structure of the company, vertical growth is

rare; instead, horizontal movement allows employees to gain different experience, as one interviewee observed:

We have lots of horizontal transfers: from marketing to sales, from sales to marketing, then between different product areas. By doing so, many people bring diversity in their lives. A flat structure does not allow building your career vertically. So, people just diversify their experience and pursue an international career afterwards. We have many cases when our employees go to work abroad.

Competition for each open position, a global HR practice, often neglects appointed successors who were identified as talented, but failed the competition. As a result, the global corporate pool provides expatriates for needed positions, as an interviewee noted:

This is a common reason why people leave, they burn out. It's also a very interesting phenomenon, when people are hired because they are talented—one position, then another one and another one. Later he takes a part in competitions but cannot win. We always hold competitions to find the best candidate for the open position. Sometimes, we find the best candidate from the outside, or an in-house employee turns out to be in the groove. So what we have now, because we do not expand, the successor gets demotivated, which adversely affects his presentation abilities.

Except for consulting departments, in which career paths are clearly defined, career development is weakly communicated throughout the entire corporation. This issue has been acknowledged and preliminary actions have been taken at the leadership-team level. HR managers became highly engaged in development plans for successors of the leadership team: “We give them direction, involve into some events like monthly calls on rhythms of a business, provide with additional training, and so on”. When there are no “ready now” successors, such development plans might take up to three years, which presents a new challenge. The major issue is the constantly changing requirements for new positions. As one HR manager expressed her concern:

I don't really believe in it, because I see how business develops, and how dynamically it is changing. Today, there are different requirements even for the same position; if you plan to train a person for two years, the position can

change during this time period. So, you have prepared someone for a nonexistent position. So, I don't really believe in such rigid structures. Production, maybe, or consulting – here we have clear requirements, which might still be understandable in three years.

The “high potential” programs were developed mostly in Ukraine until recently, when HQ recognized the importance of this program and provided additional resources. The HR manager of the Ukrainian subsidiary noted:

There are a high potential program and top talents program. The high potential pool has been extended, as 4% was not enough. I am happy about this step, because I had to develop programs locally. Of course it is not enough to train only two persons, we need more and more people with high potential, and now this is done at the corporate level.

The training program for graduates is global and called Academy of College Hires. It includes a boarding session, product orientation and a two-year program to develop leadership. Every intern has a mentor and a manager, and the goal of this program is to select graduates with leadership potential for top positions.

Performance appraisal. The global appraisal system takes into consideration both financial results and the process of achieving those results. The process is measured based on four core competencies, which are awareness, impact and influence, cross-group collaboration, and “One US Mi”. In addition, for managers there is the people management competency. The HR manager explains: “As evaluation is performed by the board of directors, the entire leadership team calibrates employees. So, they concentrate more on the impact on business, and how this person collaborates, to what extent he/she helps others, how he communicates”. The results of appraisals are used to plan for career development or performance improvement. Weak results do not force an employee to leave the company immediately; instead, the company observes the results for another year and if there is still no improvement, then the performance improvement plan is launched. An employee would only be asked to leave the company after failure to improve at the end of two years. The firing process is usually based on mutual agreement and includes a compensation package to preserve the relationship for future cooperation as partners.

To measure employee potential, the company uses the three A's approach,

which an interviewee describes:

It is Ability, Aspiration and Attitude. We hold special sessions to assess performance and discuss potential with the leadership team. Such sessions are held twice a year and the potential is graded from average to the highest. We also assess those who are placed in the pool. Then, we discuss results based on three A's and decide who is appropriate. There are formal and informal requirements. Informal requirements include the discussion of candidates by the leadership team.

By the end of each year, every employee receives feedback from his/her colleagues. This practice is global, but was difficult to implement in Ukraine. As the HR manager pointed out:

People in Ukraine are afraid to provide feedback, they are afraid to offend their colleagues. Lots of them would say: 'Sure, I will speak now, and then what? And I will have to work with these people for many years.' That is. They are afraid. On the other hand, they are afraid because they have no skills doing it. I mean, there are some cultural reasons combined with the lack of skills. Perhaps, people do not understand how to do it right. We have to change their attitude towards the feedback. We should consider feedback as a gift. Children grow with this attitude abroad, and it's much simpler for them to talk about it."

To overcome this issue, the HR department of the Ukrainian subsidiary developed specific guidelines and provided additional training. This initiative facilitated the overall culture change toward Western feedback culture.

Compensations and benefits. The compensation and benefits structure and policies are centralized and standardized in the company, but the subsidiary can adjust the amounts based on the market situation. Compensation is tied to financial results and comprises the base salary and high premiums for sales managers. In addition, there are immaterial rewards such as local and international recognition. The company also provides its employees with shares.

Table 65. HRM practices at Ukrainian subsidiary of US Mi and influencing factors

		Organizational effects	HRM practices		National context effects
			Standardized	Local or disintegrated	
Host country effects	Contingency factors	Founded in 2003	Outsourced recruitment	Lack of needed specialists	Delay in transfer to market economy
		125 employees	Headcount	Criteria: experience	Unwillingness to invest in development in very fluid market
		Greenfield	Graduate recruitment		
		100% ownership	From global pool		
		IT	International management development program	<i>Open competition for succession position</i>	Lack of competitive skills
	Coordination mechanisms	Strong HQ dependence	Extensive standardized training programs	Local training programs for employees	Lack of centrally organized training
		High Importance	Horizontal rotation	<i>Succession planning</i>	High turnover and fluid market
		Transnational Strategy	International assignments	<i>High Potential programs</i>	Lack of human resources in Ukraine
		Matrix Structure	Fixed salary and bonus plan	Tied to the financial results	Unstable environment
		Strict Control F/I	Central structure and policies		
		Expatriates 5%	Share-based compensation plans		
		Heads/Experts	Structure of reports	<i>Firing underperformers</i>	Legislation complicates the process of firing
		Empowered HR	Performance and development		
	Working system	High Commitment	Results and process	<i>Feedback</i>	Cultural resistance
		High Fragmentation			
		High Involvement		<i>Diversity policies</i>	Homogeneous labor market, Women prefer family to career
		Low Separation			
		Some Delegation			



Standardized practices or facilitators to transfer



Localized practices or barriers to transfer

Russian subsidiary of US Mi. The subsidiary of US Mi was founded in Russia in 1992 with its office in Moscow. The first regional office in Russia was opened in 2001, and in 2014 the company had more than 50 offices across the country employing more than 1,000 people. The main purpose of the company in Russia is to promote its software, develop its partners' network, implement its products, and localize its innovative solutions. In addition, the company aims to develop the information technology market in Russia.

Strategy and structure. The global strategy was developed at the main HQ and then distributed to regional HQs, which are responsible for adapting this strategy to their regional situations and then implementing it in subsidiaries. The regional HQs set the goals and objectives according to the economic situation in the particular country, the size of the subsidiary and so on. Budgeting is also done at the HQ level with input from each subsidiary. When the Russian subsidiary does not accept HQ goals and indicators, the subsidiary has to provide strong arguments for changing them.

The organizational structure of the company is a matrix. The Russian subsidiary is part of the CEE region, and reports to the regional HQ located in Munich. The CEE region is part of EMEA. The head of the Russian subsidiary is a president; department heads report to the president. The departments are divided based on function (e.g., marketing, finance, HR, etc.), and according to business specifics such as promotion of certain business goals. The department heads report to their regional department heads. The company could be considered transnational, because the Russian subsidiary plays an important role for the entire company and transfers some of the best practices developed in Russia to HQs.

Control. Reporting is managed through the corporate system, wherein each department has to post their results every month. The HR director of the Russian subsidiary reports directly to the head of HR in the European HQ through a scorecard approach. In addition, there are detailed reports in the form of presentations, which are provided on a monthly or quarterly basis. These reports are also used for comparison of subsidiaries and for identifying the best units or practices.

Both formal and informal forms of control are clearly articulated. For formal control, the subsidiary must strictly follow all rules and procedures, while having some autonomy in decision making. The stated goals must be achieved, which represents a high level of formal performance control. The plans developed by HQ are

very detailed and have three time horizons: short-term, middle-term and strategic long-term planning. In terms of informal control, HQ provides regular international trainings for managers, ensures the integration of global corporate culture and supports various initiatives for informal communication.

Communication between the Russian subsidiary and its regional HQ is well developed. Employees and managers from Russia have frequent, formal and informal contacts with their regional counterparts. Aside from daily informal correspondence through emails, intranet platforms and calls, there are also formal weekly conference calls. Every week there is a 30-minute meeting of the GM and all employees. Every quarter there are international executive meetings, and online meetings with the vice president of Eastern Europe are more regular. Informal meetings such as offsite trips for all employees are designed for both team building and entertainment. There is also a distribution list called “Elios” for internal discussions on topics outside of work. The company sponsors sport teams as well. For formal communication channels, the company has monthly “staffing calls” for all employees of the CEE region. The vertical channels, however, work better than the horizontal ones.

Corporate culture. The corporate culture is common to every subsidiary. Despite the differences in cultural backgrounds, the company values are the same for everyone. Employees are selected based on their compatibility with the corporate values. Russian employees described their corporate culture as free, flexible, and open. They also stated that the company encourages the readiness and desire to solve complex tasks. As an illustration of free and open culture, the employees pointed to the informal way of communicating with everyone including the managers. In contrast to Russian culture, in which a subordinate would call his manager with a full name and use the respectful form “Vi” (in French Vous), in the US company all employees use only first names and the informal form “ti” (in French tu).

HR practices. The HR department consists of the HR director and heads of functional departments, including recruitment, training and development, compensation and benefits and cadre administration. The heads of functional departments have “dotted lines” of reporting to their regional functional heads, in addition to the support of HR business partners assigned to each department. The training and development department reports directly to the regional HQ.

Recruitment and selection. Atypical for Russian businesses, the recruitment department at the subsidiary of US Mi has a complex structure with clearly delineated

functions. The recruitment department consists of three types of specialists: coordinators, recruitment specialists and selection consultants. The structure is globally standardized and was transferred from HQ. Minor differences in this structure could be observed in different locations due to differences in subsidiary size.

The selection process is also highly standardized and identical in all locations. The global recruitment system contains information on all open positions, the application forms and reporting forms, allowing comparison across various locations. In Russia, minor changes were implemented to reduce the number of interviews from five to three, because Russian candidates are not used to such a long selection process. Positions that report to the regional and main HQs must be selected with approval from the respective offices.

Another standard for all subsidiaries is to fill open positions 50/50, meaning that 50% of candidates should be internal and the other 50% external. Channels for external recruitment are job sites, social networks, personal contacts and the corporate referral program.

The interview process is also standardized across countries and requires specific corporate training in this field. The questions that are not permitted in the US during the selection process are also eliminated from interviews in the Russian subsidiary. Selection criteria for the company include important competencies, technical knowledge and values.

Training and development. The department of training and development is not large but reports directly to the regional HQ. It is divided into two subdepartments: one develops the sales skills or hard skills and the other one develops the soft skills. The programs on hard skills are developed in HQ and highly standardized. The only adaptation of these programs to the Russian context is translation to the Russian language. The soft-skills programs are partly developed by the local office with the help of local providers. Involvement in development and training programs breaks down into the following percentages: HQ equals 40% of responsibility, the subsidiary equals 30%, and 30% is outsourced. HQ pays for obligatory programs, and the subsidiary pays for programs that are developed in Russia. The budget is formed as a sum of person/year. For lower positions, the company provides mostly online training, and standard obligatory courses are provided two to three times a year in classrooms. Employees identified as high potential or “HiPo” have additional training programs. The leadership team has two

additional offsite sessions a year. Common topics for training are management skills, presentation skills, and project management skills. The development program is designed for both national and international levels.

Compensation and benefits. The grading system and the bonus schemes were transferred from HQ and therefore represent the globally standardized practices. Compensation amounts are calculated on the global level using analytical reports on the cost of labor in each country and the projected performance level. Local laws and regulations are taken into account and strictly followed, meaning that US Mi employees, in contrast to their counterparts in local businesses, receive compensation for overtime and do not have any deductions from their salaries.

Social benefits are more localized. The company provides medical and life insurance for the entire family of an employee. The subsidiary selects the provider of corporate cars. There are significant regional differences in compensation practices: in Moscow it is usually 100%, in St. Petersburg 80%, and in other regions about 70%. Compensation has two parts, the salary and premiums, and the proportion depends on the position. For example, the non-sales positions have a proportion of salary/premiums equal to 90/10. For sales positions, premiums could reach 800% of the salary. Additional benefits include profit sharing and stock sharing plans. For top managers, profit sharing and productivity incentives are linked to scorecards. Among immaterial bonuses, employees receive an in-person meeting with the GM and 65 key employees or “well done” emails from the board of directors. Overall, compensation is tied to the employee’s positions and his/her financial results.

Performance appraisal. The appraisal system was developed in HQ and fully transferred to every subsidiary, and HR partners and line managers are responsible for the system. The appraisal process is as follows: at the beginning of the year each employee receives their goals and objectives, and then there is an interim report with a discussion of achieved goals and further actions needed; at the end of the year there is a full appraisal of the employee with a final report including opinions from the line manager, peers and subordinates. The line manager (with assistance from the HR business partner) reviews both an employee’s final report and colleagues’ opinions to set the mark. When the board of directors meets, they make a calibration decision (20/70/10), in which 10% of employees should leave the company because of their inefficiency.

For employee appraisals, the company examines results in the form of past performance and examines the work process, measuring the employee's future potential. The goal of appraisal has two components, which are improvement of performance and the employee's career development.

Working hours are quite flexible, allowing employees to be in the office when it is comfortable for them under two conditions. The first condition is that telecommuting must be approved by the manager and the second is that results should be visible, which represents an American approach.

Table 66. HRM practices at the Russian subsidiary of US Mi and influencing factors

Host country effects		Dominance effects		Pressures for integration	
Contingency factors		Coordination mechanisms		Working system	
Organizational effects		HRM practices		National context effects	
Standardized		Local or disintegrated			
Founded in 1992	Approval of top positions by HQ	High number of interviews	Too long process		
1000 employees	Corporate referral program	Criteria: experience	Unwillingness to invest in development in very fluid market		
Greenfield	Absence of discriminating questions				
	Multiple selection criteria				
	50 internal/50 external				
100% ownership	International management development program	Russian translation	Language barrier		
IT	Extensive standardized training programs for hard skills	Local training programs for soft skills	Lack of centrally organized training		
Strong HQ dependence High Importance Transnational Strategy Matrix Structure Strict Control F/I Expatriates 1% Heads/Experts Empowered HR	High potential program				
	Fixed salary and bonus plan	Tied to the financial results and position	Unstable environment		
	Central structure and policies	Social benefits	Local requirements		
	Share-based compensation plans				
	Immaterial bonuses				
	Structure of reports				
	Performance and development				
	Results and process				
High Commitment High Fragmentation High Involvement Low Separation High Delegation		Diversity policies	Homogeneous labor market, Women prefer family to career		
		Work on distance	Traffic restrictions and law allowance		

Standardized practices or facilitators to transfer

Localized practices or barriers to transfer

Comparative Analysis

Table 67. A summary table of Russian and Ukrainian subsidiaries of US Mi

	Ukraine	Russia
Contingency factors:		
Founded in	2003	1994
N of employees	125	700
Foreign ownership	100%	100%
Gr/Br	Greenfield	Greenfield
HQ dependence	Strong	Strong
Subsidiary importance	High	High
Coordination mechanisms:		
Strategy	Transnational	Transnational
Structure	Matrix	Matrix
Control	Strict, F/I	Strict, F/I
Expatriates	4%	1%
Role of HR function	High importance	High importance
Work system:		
Involvement	high	high
Task fragmentation	high	high
Worker-manager separation	low	low
Delegation	some	high
Employer commitment	high	high
Local and disintegrated HRM practices:		
RandS		High number of interviews
		Criteria: experience
TandD	High Potential programs	Russian translation
	Succession planning	Local training programs for soft skills
	Open competition for succession position	
CandB		Tied to the financial results and position
		Social benefits
PA	Feedback	
	Firing underperformers	
Other	Diversity policies	Diversity policies
		Work on distance

Case study # 3: US I

Company profile. US I is the leader in the IT industry and one the world's largest producers of hardware and software. In addition, the company provides various services including consulting, hosting and financing. The company's growth strategy and portfolio enlargement always occurred through mergers and acquisitions. Over the past decade the company has acquired 116 companies.

The history of the company began in 1911 when three companies merged to create the new Computing Tabulating Recording Company (CTR). In 1924, the name was changed to the current one. The company consists of four worldwide organizations that play key roles in the company's delivery of value to its clients: Sales and Distribution; Research, Development and Intellectual Property; Enterprise Transformation; and Integrated Supply Chain. Enterprise Transformation is focused on implementation of a consistent set of processes and standards worldwide to reduce inefficiencies and improve collaboration. With its processes fully integrated, the company implemented a new operating model with global resource centers of excellence in the most strategic markets. Since 2005, global integration has enabled the company to reduce spending by over \$5 billion and improve service quality, speed and risk management. The company has shifted resources toward building client relationships and employees' skills, while positioning itself for new market opportunities. The company has pioneered a new operating model, changing from a classic "multinational", with smaller versions of the parent company replicated in countries around the world, to a global model with one set of processes, shared services and broadly distributed decision making.

In 2010 the company's revenue increased by 1.1% in major markets, whereas the combined revenue in the BRIC countries increased 22.8%, with strong growth in China and Russia. The company has continued to make investments in these markets to drive market expansion and infrastructure development.

Ukrainian subsidiary. A wholly-owned subsidiary of US I was established in Ukraine in 1991. When the USSR collapsed in 1993, the company was renamed. The reestablished company's presence in Ukraine began in 2004 and it became a wholly-owned subsidiary by 2006. The presence of US I in Ukraine had a significant influence on the development of the Ukrainian IT market and immediately attracted

around 2,000 Ukrainian companies as the company's clients. In 2012 the second Ukrainian office was opened in Dnipropetrovsk, where the company had already been working through business partners for over ten years. An increased presence in the country enabled the firm to deliver more advanced solutions and services to clients in the areas of cloud computing, business analytics and smarter systems. The company has worked with over 50 universities across Ukraine to support the development of IT skills and to help build capacity for future growth. The number of employees in Ukraine was about 100 in 2014.

Strategy and structure. With its main HQ in the US, the company is geographically divided into two markets: US markets and growing markets. The growing markets HQ is located in Shanghai. Growing markets is divided into subregions, one of which is Central and Eastern Europe.

In Ukraine, two legal entities represent US I: one is a mainline organization, which is sales and distribution, and the other one is a delivery organization, a form of strategic outsourcing. In addition, the company has large business process outsourcing centers focused on meeting the internal needs of the company (e.g., payroll, accounting and procurements). These kinds of centers are also focused on customer service, for example, operating as a help desk. As the HR manager of the Ukrainian sales and distribution office mentioned:

I work in Ukraine, but I'm not subordinate to Ukraine. We have a lot of functions that are not represented in Ukraine in any way. Therefore I work with colleagues around the world. Our Indian colleagues are responsible for implementation of certain applications. Support in terms of business supervision is provided by our Russian counterparts, so we carry out activities on a global scale. Functionally I'm subordinate to Central and Eastern Europe HR leader, and administratively—to our General Director. I report different functions to respective executive managers: bonus compensations are reported to Bonus Compensation Director, Central and Eastern Europe, diversity issues are reported to Diversity Director and so on. In fact they are located in different places. Central and Eastern Europe Headquarters is situated in Prague. Most of functions are controlled mainly by Prague. However there are some functions managed from other locations—Hungary and Belgium. For instance, the benefits coordinator is located in Belgium although he's responsible for Central and Eastern Europe.... Austria is responsible for

training sales persons from Central and Eastern Europe.

Apart from a geographically-oriented organizational structure, the company also has functional reporting lines. In addition, the organization is divided according to product lines, as one interviewee described:

The company doesn't have only one line of business. Speaking globally of the company, main organization, it's divided into a Sales Department that sells all the products and services of the company. The Sales Department employs account managers who are responsible for particular selected market verticals (e.g., financial vertical, telecommunication vertical). Financial vertical is divided as it involves banking sector and investment, insurance companies (i.e., the rest of financial enterprises). Industrial and, of course, public sector. Each vertical market is assigned one or two account managers depending on the number of customers. We also have inside sales, and telesales. These are specialists that work with customers whose business volume makes market interaction difficult. These are small customers but may also include large customers with low turnover. This is what concerns the Sales Department. The rest is quite simple. Regardless of the 100-year history of the company, it isn't that complicated as it may seem from the outside. We have a product division that in its turn comprises software group (SWG) (i.e., all our software products), and hardware group (STG)—System Technology Group. The second part is the service or consulting division, which consists of Global Business Services (GBS) and Global Technology Services (GTS). Global Business Services deal with IT strategy, logistics, payroll, or any other business process of the customer. In addition Global Business services are responsible for implementing and managing business applications. These are ERP and ERP SAP Oracle applications. US I is a partner of both SAP and Oracle. The second direction is Global Technology Services. These are more in-depth technological services, more infrastructural solutions: building a customer's server system, fault-free system, this also includes servicing of the company's multicore systems worldwide.

Control. HQ exerts strong influence over its Ukrainian subsidiary, employing both formal and informal control; however, some local control exists. An HR strategy

called “HR Route Map 2015” was developed in the US, but it has special features in Central and Eastern Europe, as one interviewee noted:

Usually if a new program is developed, it all starts from an appointment of a project manager. Information is collected by countries regarding specific needs in accordance with particular parameters, requirements etc., and afterwards the program is developed. It’s wrong to say that the program is imposed. If the program concerns a specific region, before it’s either developed or adapted, some feedback is collected—what should be changed in this program.

The company prioritizes the local laws and regulation, allowing its subsidiaries to follow the laws closely but independently from the global policies. All global policies and procedures are available online for every employee:

We do operate mostly global policies, for instance Awards Policy—it’s global. Any manager may access the tool at any particular time and initiate particular Awards for its employee. For regional policies, in our case, we communicate with experts from Eastern and Central Europe. For example, Employee Referral Bonus Program—it’s centralized, but the amount of such bonuses differs from country to country. There are also local policies covering a specific country, they usually deal with legislative issues, such as administrative policy, vacations policy, maternity policy—these are strictly Ukrainian policies as they are regulated by local laws. Therefore all these policies are formal and binding for us.

Subsidiaries are free to avoid global policies that do not fit the local legal context. For example, Ukrainian regulations do not support flexible working hours or employee benefits such as team dinners and incentive trips. Globally, the company allows its employees to work two to three days a week from home, which is impossible in Ukraine for several reasons:

First of all, in Ukraine, unfortunately, the level of employees’ self-consciousness isn’t that high. Next, it’s strictly regulated by the laws. We are responsible for our staff members from 9 am till 6 pm. If something happens to our employees even if they work from home and get injured, the company will be held liable for that. And finally, there are some technical issues. These

issues can be quite easily resolved in Kyiv, while the same communication channel isn't that reliable in Ukrainian provinces comparing to Western Europe.

Team dinners and incentive trips for sales managers, which are paid from the global budget, represent another example of a clash with Ukrainian regulation. In the Ukrainian tax system, these policies are difficult to implement as their final cost increases dramatically. Therefore, the Ukrainian subsidiary has to substitute these benefits with cash payments or find a way to implement them to stay in line with global corporate procedures, as an interviewee states: "Our colleagues from CEE couldn't understand why we need to allocate the bigger amount to compensate for personal income tax. It's hard to comprehend for them".

Taking into consideration the nature of the business, informal communication within the global corporation is very well developed, as an interviewee claims:

People may communicate on the Web and participate in a number of communities to share some information, contact each other, seek answers to some interesting questions. The Lotus Notes Connections is a very interesting and useful tool at this point. Moreover, we have a tool called Blue Pages, where all staff members of the company are represented on a global scale. Any time an employee can be searched by name with all information other than sensitive personal information provided. The company is very serious about this issue. You'll receive information on the person's expertise, experience, contact information, manager's name, complete information. We have no communication problems.

This informal communication involves many corporate communities including the HR community, wherein all HR managers constantly communicate with each other. Within this HR community, there are separate communities that are focused on issues such as diversity, compensation and benefits, etc. Each community, in principle, has its own leader, who can be located in any country and is responsible for posting information and organizing monthly calls either online or as a video conference. In addition to the leader, anyone can post files, presentations or best practices on this platform.

This informal communication through the intranet is supported by formal personal meetings of HR partners:

Once a year we hold an event hosting all HR partners from CEE region. It is important to get to know new colleagues and, of course, to learn. Our HR team grows together with the company's growth. We have plenty of programs that are constantly improved and some are implemented. The purpose of such gathering is to share our opinions: what can be improved or changed. The projects implemented over the last year are presented together with some innovations and training tips. Usually we get together for 2-3 days. We are totally disconnected from the rest of the world to concentrate on our workshop.

In addition, each month there are activities such as an educational program for the HR community and HR partners, regional HR partner meetings and calls. During these formal meetings and calls, there is discussion of matters such as deadlines, various programs and significant issues.

Formal control through expatriates does not occur in the subsidiary. There are many expatriates in the Ukrainian subsidiary, but their role is knowledge transfer. They are key staff members who come to Ukraine to work on a project while being an employee of another European office, bringing expertise that is absent in Ukraine. According to one interviewee, "They don't perform any functions, they are US I's employees in Germany, Belgium etc. They just run projects here".

The company has a global budget for programs such as annual team-building sessions, "kids' day" and "family day". The kids' day is connected to the New Year and organized for the employees' children. During this day, the company's specialists explain the corporate "Smarter Planet" concept. The family day usually occurs during one of the summer Fridays, with outdoor entertainment organized for employees' families.

Corporate culture. The corporate culture of the company was formulated by its own employees. As the company website states: "In 2003, US I undertook the first reexamination of its values in nearly 100 years. Through Values-Jam, an unprecedented 72-hour discussion on the company's global intranet, US I-ers came together to define the essence of the company. The result? A set of core values, defined by US I-ers for US I-ers, that shape the way we lead, the way we decide, and

the way we act.” Today, the company’s values are: “Dedication to every client’s success; Innovation that matters, for our company and for the world; Trust and personal responsibility in all relationships”. These values reflect the corporate culture, and to support this culture, the company created a working group and conducted hundreds of interviews with clients and internal leaders to help refresh and redefine the core competencies of US I-ers. The following nine competencies map closely with the company’s corporate character and help US I-ers better understand what the company and the world expect of them. The competencies are: “embrace challenge, partner for clients’ success, collaborate globally, act with a systemic perspective, build mutual trust, influence through expertise, continuously transform, communicate for impact, help US I-ers succeed”.

As the HR manager mentioned:

I haven’t met in any other company such competence as ‘help US I-ers succeed’. ‘Collaborate globally’, ‘build mutual trust’, ‘influence for expertise’—one way or another these competencies are found in all companies while ‘help US I-ers succeed’ is a unique one. It’s very important for us to make sure that those people who join the company can find support and assistance and ultimately succeed.

Recruitment and selection. The recruitment of top managers in subsidiaries has to be confirmed by regional and head offices, whereas other employees are recruited locally without any additional interviews at the higher level. As for recruitment channels, the company has a global “referral bonus program”, which encourages employees to recommend someone for an open position. The direct managers of candidates and HR managers are excluded from this program, as it is their responsibility to fill the vacant position. Job postings are also located on the company website and social network platforms (e.g., Facebook or LinkedIn) are also intensively used.

The selection process is highly standardized and formalized. All candidates have to complete the application form on the corporate website, and after the initial screening, candidates need to succeed on an IQ test to be invited for an interview. The line manager makes the final decision on the selection. For sales managers, the selection criteria center on previous experience in multinational companies. For the company, doing business ethically is critical and it is assumed that multinational

companies develop such an attitude in their employees. In addition, successful recruitment depends on the values the candidate holds, according to an interviewee in HR: “If a person comes with wrong values it becomes a major problem for both the person and the company. Wrong values are meant in terms of the company. The initial match is critical. It’s difficult to break values and it is not necessary”. For internships, education and the level of participation in various university activities are important selection criteria.

Training and development. The global learning tool of the company is called “Career Smart” and includes all of the company training programs, as an interviewee describes:

The entire personnel development from A to Z is planned in the Career Smart tool. The tool allows an employee to see his current expertise, where he wants to be in a year, to check what courses he is lacking to develop in his role, or to move to some parallel job role. The relevant leanings can be selected there individually.

In addition to the online Career Smart tool, there are virtual sessions that incorporate in-person leaning and there are MBA programs, developed specifically for US I by a British business school, in which professors deliver courses in classrooms. All programs are divided into obligatory, self-learning and leadership programs. The amount and quality of US I’s training programs differentiates the company from its competitors. Even during the crisis period, the budget for obligatory training programs was not cut. Every employee who enters the company must participate in a series of obligatory training sessions to be able to start working with clients. The adaptation period for newcomers takes up to six months, as an interviewee noted:

Even though engineers have 100% expertise with the company’s products and they are ready to serve customers from the technical expertise viewpoint, they won’t proceed until they attend compulsory courses. There are requirements for technicians in terms of customer service. You may install the product either properly or improperly. The US I specialists have to install properly.

Compulsory programs include Business Conduct Guidelines (BCG), Global Sales School, Succeeding at US I and more. The Business Conduct Guidelines are

provided to every new employee in the form of online training sessions, ending with certification that has to be renewed every year. The Succeeding at US I program is designed specifically for newcomers and lasts for two years, because as an HR representative noted, “The person is regarded a newcomer during the first 2 years of employment”.

The Global Sales School is designed for the company’s sales managers and includes three sessions, each lasting one week. Right after the trial period, the sales manager must attend these sessions during a nine-month period. One of the sessions is in the form of a virtual course and the others are in a Western European classroom: “Austria is responsible for training sales managers from Central and Eastern Europe. The place for technical training sessions is selected depending on where the technical expertise center for particular products is located. This may be Dublin or somewhere in Germany, near Munich, or France.” Despite the program being global, adjustments are made for each market, according to one interviewee:

The company has its own global sales methodology, which is unique and is taught during this course. The sessions for new sales officers in Central and Eastern Europe takes into account specifics of emerging markets including Russian and Ukrainian markets. The particularities of our separate markets are collected and scrutinized in terms of this sales methodology.

In contrast to compulsory training programs, all leadership programs must be approved by HQ:

If we want to develop our employees, the response (from HQ) may be as follows: ‘What do you want to develop them for? What are you going to offer them? If your business fails to grow, so will the organization’. Therefore some programs will be approved, if a person indeed shows high potential and may be moved to another country within the region.

There are several general-purpose programs that involve all employees, such as Emerging Talent, Inspiring Leaders, New Manager Orientation, Basic Blue, Applying Management and Senior Management. There are also specialized programs for groups of employees including women, sales managers and technicians. For example, the program Elevate for Women supports women in adapting to their new leadership roles and combining family life and work.

In 2010 all leadership programs were incorporated under the Leadership Academy and structured according to grades from entry level to the senior management level. Entry-level managers can be included in the two-year Emerging Talent program after being identified by a supervisor as a potential leader and performing successfully in the company for a year. In addition, a two-year MBA program can be proposed. The budget for all training programs is global and allocated according to business groups (e.g., general business, software group, and system technology group). HQ makes the final decision about providing an MBA course to a particular manager based on the profitability of subsidiary, as an HR interviewee noted:

Even if the budget is allocated, costly programs need to be negotiated according to the respective matrices. If a financial manager of a business unit receives a request for a rather expensive program and there are three persons nominated for this program in different countries, one country really shows good results while two others show poor ones, the manager will surely nominate and approve this country. The budgets for development programs are allocated in the current year for the next one, however, they can always be adjusted. So a lot depends on how the company performs. If figures are in the red field, then a great deal of programs will be cut. Only compulsory ones will be delivered.

In addition to the aforementioned development programs, the company encourages mentoring. Every employee can choose a mentor through numerous communities or Career Smart. Mentors can be located in any country of the world, as an interviewee described: “Even if you work, for example,. in a technical area, but wish to switch to sales, you can find a mentor on sales from abroad or your country depending of the goal.” For every manager, coaching or mentoring is a part of his/her personal commitment to the business, according to an interviewee:

The manager’s objectives are divided into three parts: business goals – objectives set for the particular position, people management goals that encompass coaching/mentoring, and development goals. These goals are reviewed and assessed at the end of the year to see the achievements. If business goals are met at 100%, yet the other goals aren’t fully achieved, the person will not be granted the highest score.

The company provides no compensation for mentoring and it is strictly the employee's personal initiative. An experienced manager is not forced to transfer his experience. To set management goals, there are no strict regulations or figures, according to an interviewee: "A manager may state that he is going to mentor two employees from the sales department. He set this goal for himself. It should exist in one or another form." Assessment of mentoring is conducted through the management feedback program, a centralized survey in which employees are randomly asked to answer ten questions assessing their manager. The results are transferred to the line managers as performance indicators, and discussed during the appraisal session.

For internships, the company always assigns a connections-coach, who is responsible for integrating the intern into the company.

Performance appraisal. Every spring, all units have People Day, when managers assess their subordinates based on two parameters: performance and potential (low, middle, high). According to the results, HR partners with a manager to assign a particular development program to the employee, as an interviewee described:

This can be retention, or rise in wages or the combination of both since the person is a star. And, of course, the leadership programs. There are situations when a manager nominates an employee but after the interview he remarks: 'No. This person is specifically interested in professional development only, so we cancel the leadership program for him. I will nominate him for a managerial course'.


To assess the performance of HR managers, KPIs are used, such as the attrition rate of successful employees. Another performance indicator is the success of particular programs such as compensation and incentives; for example, how many specialists were retained and promoted as a result of various tools applied. There are also indicators of average employment duration in the company and in the particular position. An employee should not occupy a particular position for more than three years. Employees should move within the company. If they aren't successful, they have to quit, otherwise they need to move somewhere. And, of course, financial indicators measure the efficiency of various programs. For example, recruitment efficiency is measured both in-house and for outside staffing agencies. Another


essential financial indicator is the wage-increase ratio of the highest ranking employees compared to all other employees. This ratio should be 1.5 and it is measured prior to payment of annual bonuses.

Compensations and benefits. Compensation and benefits policies are centralized and standardized in the company and the subsidiary can't change anything in this area.

Table 68. HRM practices at the Ukrainian subsidiary of US I and influencing factors

Pressures for integration	Dominance effects	Host country effects	Organizational effects		HRM practices		National context effects	
			Contingency factors	Coordination mechanisms	Standardized	Local or disintegrated		
Pressures for integration	Dominance effects	Host country effects			Contingency factors	Founded in 2004 100 employees Greenfield 100% ownership IT	RandS	Approval of top positions by HQ
			Corporate referral program					
			Application through corporate website					
			Multiple selection criteria					
			Graduate recruitment					
			Coordination mechanisms	Strong HQ dependence High Importance Transnational Strategy Matrix Structure Strict Control F/I Expatriates 3% Experts Empowered HR	TandD	International management development program		
						Extensive standardized training programs		
						High potential program		
						International assignments		
					Mentoring			
					CandB	Fixed salary and bonus plan		
						Central structure and policies		
						Share-based compensation plans	<i>team dinner and incentive trips</i>	Legislation restrictions for taxation
						Immaterial bonuses		
					Working system	High Commitment High Fragmentation Some Involvement Some Separation Some Delegation	PA	Structure of reports
Performance and development								
Results and process								
Other								
		<i>flexible working hours</i>	Legislation restrictions, low self-consciousness					

 Standardized practices or facilitators to transfer

 Localized practices or barriers to transfer

Case study # 4: US P

Company profile. US P is the world's largest (by revenues) multinational pharmaceutical company with its corporate headquarters in New York City, US. The company's diversified global healthcare portfolio includes human and animal biological agents and small-molecule medicines and vaccines, as well as nutritional products and many of the world's best-known consumer healthcare products. The company markets its products directly to consumers in the US or through its marketing organizations to healthcare providers, such as doctors, pharmacists, hospitals, employers and government agencies. The company also sponsors general advertising to educate the public on disease awareness, prevention and wellness, important public health issues, and its patient assistance programs.

The company was founded in 1849 in New York City as a manufacturer of chemicals. Since 1950, the company has become a research-based pharmaceutical company and expanded globally through mergers and acquisitions with international subsidiaries in Belgium, Brazil, Canada, Cuba, Iran, Mexico, Panama, Puerto Rico, Turkey and the United Kingdom. As an innovation-intensive business, the company perceives its employees as being vital to its success. As of December 31, 2011, the company employed approximately 103,700 people in operations throughout the world.

The majority of the company's revenues come from the manufacture and sale of biopharmaceutical products. In 2011, revenues from operations outside the US totaled \$40.5 billion, accounting for 60% of total revenues. Revenues exceeded \$500 million in each of the 18 countries outside of the US in 2011. The US is the largest national market, comprising 40% of total revenues in 2011, 43% of total revenues in 2010 and 44% of total revenues in 2009. Japan is the second-largest national market, with 9% of total revenues in 2011, 7.5% of total revenues in 2010 and 8.7% of total revenues in 2009.

The past two major acquisitions contributed to the growth of the company, strengthened its presence in international markets including Eastern Europe/Russia, and required some cost reductions. The company closed duplicate facilities, including several RandD operations; workforce reductions were made across all business areas; use of shared services increased; and procurement savings were made.

Ukrainian subsidiary. The history of the company in Ukraine began in 1994,

when the company organized meetings of Ukrainian pharmaceutical industry leaders with their foreign colleagues. Since then, the company has made significant contributions to the development of pharmaceutical law in Ukraine, in line with European laws. The company's office in Ukraine opened in 2005 and currently employs about 200 people. The company is directly involved in clinical testing in areas such as psychiatry, cardiology, and oncology.

Strategy and structure. The company structure has undergone several changes, but remains very complex. Initially, Ukraine was in the subcluster of “emerging markets Europe”, in which the HR manager reported directly to the General Manager. This structure was more hierarchical, with information moving primarily from top to bottom and vice versa. Later, the structure resembled more of a matrix approach, in which the HR manager and other departments (e.g., finance and marketing) were transferred to separate functional units. The hubs of these units were located in different European countries and divided according to both regions and functions. For example, the regional financial manager is located in Romania, and the regional business leader is in Turkey. The European HR department is divided into regional clusters including Nordics, Germany, South Europe and Ukraine together with Russia and Belorussia. The HR manager in Ukraine reports to the Russian HR manager and is responsible for reporting to two countries, which are Ukraine and Belorussia. Later, if the company does not grow too much, the HR function might be moved from the Ukrainian subsidiary to one of the regional coordination units. As a result, the HR function has already been decentralized, with its functions given to line managers. To support managers from subsidiaries on various HR issues, the company has centers of excellence, which are based on functions and regions and include talent acquisition, learning and development, compensation and benefits and so on. For example, the Ukrainian HR manager would call a Polish center of excellence with issues related to compensation and benefits, while the Ukrainian manager's direct supervisor is located in Moscow. To approve headcounts or over budgets for a year, the subsidiary sends all related information on a standard form to the regional manager and waits for approval. Due to decentralization of functions, the process is highly bureaucratic. Procedures or issue resolutions must pass through a few hands before returning to the subsidiary.

Control. Similar to other American companies, the company has many operational procedures, rules, and policies towards employees. The control system is

bureaucratic with many formalities. Compliance is controlled to the highest extent and the Ukrainian subsidiary follows the US code of conduct very strictly. According to this system, before sharing a cup of coffee with a client or presenting the client with a corporate pen, employees are obligated to fill out forms and receive approval. The subsidiary also must report the amounts of medication samples that are given away to doctors. Everything is under control, reflecting the material values of the company.

Despite newly enforced regulations in Ukraine that support US compliance, the habits of Ukrainian sales agents resist this way of doing business. Sales agents argue that no one else follows these rules and it is impossible to sell products without bribery in such a competitive market. European companies that do not have such regulations can organize roundtables for their clients, which the US company strictly prohibits. To overcome the resistance of salespeople, the HR manager communicates the CPA (US law on corruption) to employees through induction training. One part of this induction training is based on the corporate Blue Book, which describes employee business conduct, including issues such as conflict of interest and the meaning of ethical business. Another part of the training is linked to the CPA, and provides guidelines on how to work with clients, government officials and nongovernmental organizations. This part is also concerned with allowed spending limits on various activities including the maximum amounts for government officials.

To monitor compliance, there are hotlines and additional annual trainings. Every employee is informed on how to act if she/he detects misconduct or needs clarification on a policy. The steps are as follows, according to HR: “First—contact your manager; if you can’t reach your manager – contact the HR manager; if the HR manager does not provide needed support—call this number or write to this email and your request will be immediately processed.” Such requests can be anonymous.

Diversity and discrimination policies are not strictly controlled at the subsidiary because local regulation does not enforce it. The number of expatriates at the Ukrainian subsidiary is very low. The first general manager was from Belgium and the second one was from the US. Along with other HQ influences, the centralization of all types of suppliers predominates.

Corporate culture. The corporate culture of the Ukrainian subsidiary of the company is directly linked to the General Manager. Despite the transfer of global culture to all subsidiaries, the Soviet style of local management overtook the Western

one. The General Manager at that time believed that culture is the affair of HR department and that the General Manager has other, more important things to do. This attitude did not achieve good results. With the arrival of a new General Manager, who acted as an example of the corporate culture, the subsidiary could finally enjoy the global corporate culture.

Recruitment and selection. The company has a global recruitment policy that states general roles and responsibilities. The subsidiary's HR manager develops detailed recruitment practices that can vary according to the local context. For example, the Ukrainian HR manager designed the standards of selection criteria in collaboration with local line managers. Medical education for sales agents is a crucial criterion, as clients do not take seriously agents without such education. Two additional crucial criteria are the ability to adapt and learning agility. Experience is least important, because the company has well-developed training programs with role games and case studies. Case studies are also used during the selection process to test the candidate. When possible, reference letters are checked as well. Line managers make the final decision on recruiting candidates.

The headcount is strictly controlled by HQ. As an HR manager describes it: We start from approval of staff list, we do it in the framework of operational planning for the next year, when we submit our budget, sales plans, growth plan and so on. Staff planning is also included. It all is being submitted in one format, in one presentation. Today head office doesn't like staff expansion, because globally we have a couple of projects, which centralize a lot of functions, like marketing and sales. They are also looking for a way to centralize medical and regulatory functions. Then we analyze it all and get the result. Our head count is approved and we function in its framework during the whole year. If we are talking about approval of employees when we hire them, there are no active projects on centralization of marketing, for example. If there is such a project, then company makes hiring freeze, or saying that to hire product manager you must get an approval of regional director. If there is no such condition then we are free. People come and go, and we fill the vacant positions. There are rules "level +1" for approval of any compensation and benefits. If we hire someone to the management team, then we should get regional approval of manager of our manager. In all the rest we are free.

There are two major reason for firing employees, performance and compliance.

Training and development. The approach to training programs in the company is “70-20-10”, meaning that 70% should be on-the-job training, 20% is mentoring and 10% is formal training courses. Global training programs are developed by the corporate Learning and Development Group (LandD) and delivered primarily (about 80%) via online platforms. These courses are all initially in English and globally standardized. The language is the major barrier to transferring the training programs to Ukraine. In the Ukrainian subsidiary, some of the obligatory courses were translated to Russian, including Blue Book, Compliance, Performance Management and Compensation Management. The corporate pool of online training programs is vast, including management courses such as project management or communication provided by Harvard Business School. Online learning is the responsibility of employees, who can enter the corporate learning platform anytime and selected needed courses.

Training programs are designed differently for managerial personnel and sales personnel or “field players”. District managers are in the sales personnel category due to language limitations. Sales agents receive locally provided “sales” courses in addition to the obligatory induction training, which was designed locally with a Russian version of the Blue Book and Compliance test-courses. For managers and group leaders, who speak English, there is a wide range of courses available both online and in classrooms. According to the needs of subsidiaries, LandD forms a group in one of the company locations and presents the ordered courses in-person. Subsidiaries bear only travel costs.

The responsibility of the HR manager is to train managers in all of the processes and practices. The manager is responsible for knowing how to deliver this knowledge to subordinates, and the HR manager plays the role of adviser.

Promotions are given according to the model of competencies, which is the standard for the entire corporation, although the local office makes promotion decisions. Promotion mostly depends on the employee’s initiative to be transferred to another position or location.

Performance appraisal. The appraisal system was designed at the global level and transferred to subsidiaries. Employee performance is measured against set objectives, and the supervisor evaluates the employee’s potential or “learning agility”

based on the questionnaire. The questions are part of the global system and highly standardized. Despite such clear identification of potential, the subjective opinion of a manager influences the evaluation, and could be biased. Therefore, the HR manager's responsibility is to educate managers on objective evaluation. If ratings are marginal, then the HR manager might get involved in the process of appraisal.

Compensation and benefits. According to the global structure, all salaries are tied to the grades; however, the amount of salaries is locally adjustable. The company has local providers for monitoring the market level of salaries. The subsidiary's salaries and bonuses are calculated using the local providers' analysis. As a result, the Ukrainian subsidiary can't change anything in the corporate grade structure, although the subsidiary has full autonomy in decisions about where to place a particular employee. Therefore, compensation is based on the position and not on the person's qualities. Subsidiaries have more freedom to increase salaries for lower level employees than they do for managerial personnel. Yet, compensation for top performers is very flexible at the global level.

Benefits such as corporate cars are regionally standardized. The Ukraine subsidiary is required to use only the Audi-Volkswagen group as a corporate provider. Another benefit that the corporate broker must provide is medical insurance for all employees. Despite these impositions regarding suppliers, the subsidiary always has a way to change providers based on cost-efficiency arguments and a well-presented case study, as one interviewee notes:

One of the examples concerns a broker on the medical insurance issues that they tried to make us working with. The market of such services is not very developed (in Ukraine). And it happened a few years ago, when it was developed even less. Insurance companies weren't ready and they weren't flexible in packages and prices, because they got new mediator. So we created a local case and now we work without broker. Maybe, we will change our opinion soon. We were told that this specific company would be our broker. And we didn't want to work with this company, we saw that they are not professionals.

Conclusions. The company aims to decentralize HR functions among line managers and centers of excellence. The role of the HR manager is to translate all HR policies and practices to line managers, who are not ready to fulfill these duties yet. The

language barrier is a great challenge in shifting HR functions to line managers. Feedback is difficult in Ukrainian culture because of employee inertia. Appraisal is biased due to the paternalistic attitude of managers who seek to protect their subordinates.

Table 69. HRM practices at the Ukrainian subsidiary of US P and influencing factors

Pressures for integration	Dominance effects	Host country effects	HRM practices				National context effects	
			Organizational effects	Contingency factors	Standardized	Local or disintegrated		
➡	➡	➡	Contingency factors	Founded in 2005 200 employees Greenfield 100% ownership Pharm	RandS	Headcount		
							Selection criteria	Not controlled by HQ
			Coordination mechanisms	Strong HQ dependence High Importance Transnational Strategy	TandD	International management development program	Regular training for compliance	Need to educate employees on this issue
						Extensive standardized training programs	Russian translation of obligatory courses	Language barrier
						High potential program	Sales courses	Language barrier
						International assignments		
						Mentoring		
				Matrix Structure Strict Control F Expatriates 0.5% GM	CandB	Fixed salary and bonus plan	Tied to position	No trade unions, individual negotiation
						Central structure and policies	team dinner and incentive trips	Taxation issues
						Standard list of benefits providers		
				Empowered HR	PA	Structure of reports		
Performance and development	Feedback	Cultural resistance						
Results and process								
Other		compliance	Widespread bribery approach to sales					
		flexible working hours	Legislation restrictions, low self-consciousness					
		diversity and discrimination policies are not enforced	No local regulation					

Standardized practices or facilitators to transfer

Localized practices or barriers to transfer

Case study # 5: German R

Company profile. The German company, the leading systems and service provider for polymer-based solutions in the construction and automotive industries, was founded in 1948 in Bavaria, Germany. Later, the company successfully established its business in Europe, North America, South America, Africa, Asia and Australia, with corporate headquarters in Switzerland. As of 2014, the independent, privately held corporation operated in 53 countries worldwide and employed 18,000 people in 170 offices.

The company conducts business throughout the world, tailoring its products and services to the demands of each region. Geographically, the company is divided into eight regions:

- Region Central Europe (CE): Central Europe including Germany, Poland, the Baltic-Region, and Finland
- Region Southeast Europe (SE): Southeast Europe including Greece, the Czech Republic and Turkey
- Region South (SO): Southern Europe, South America and parts of North Africa
- Region East (EA): Russia, Belarus and Turkic countries
- Region Western Europe (WE): France, Switzerland, Benelux and parts of North Africa
- Region Great Britain, Scandinavia, South Africa (GS): Great Britain, Ireland, Scandinavia excluding Finland, and South Africa
- Region Asia and Australia (AA): Asia and Australia
- Region North America (NA): United States, Canada, Mexico, and Central America

Ukrainian subsidiary. German R opened its first office in Ukraine in 1997, which was managed by the General Director, who is still in this position. As of 2014, the Ukrainian subsidiary of German R is a 100% foreign-owned enterprise with 120 employees working in six branch offices in Donetsk, Dnipropetrovsk, Odesa, Simferopol, Lviv, and Kyiv.

Strategy and structure. A German family privately owns the company, but its headquarters and global board of directors are located in Switzerland. The company and its functions are structured according to the eight regions in the form of a matrix. The Ukrainian subsidiary reports to Southeastern Europe (office in Vienna), and the global HR manager is located in Germany. There are also regional and countrywide

boards of directors, which have their own responsibilities and decision-making powers. Each product the company makes has its territorial divisions.

The HR department of the Ukrainian subsidiary consisted of only two managers who reported directly to their GM and were responsible for executing orders from HQ. Recently, the HR director at the Ukrainian subsidiary was assigned and dependence on HQ's decisions has significantly weakened, although the link with HQ and other colleagues from regional offices has remained strong without their involvement into the decision-making. In general, the organizational structure of the Ukrainian subsidiary is very flat, with only four levels. As a result, career development is executed through horizontal movements.

Control. The approach to the company's management is global, without much room for the local sensitivity. As the HR director of the Ukrainian subsidiary noted: "They (HQ) are doing a lot, but very slowly, because they are trying to do it all at once on a global level. Maybe they're doing it this way because it's easier to manage. On the other hand, these initiatives aren't being localized." HQ does not involve the subsidiary in its policy formulation: "It would have been much better if we had been able to participate in its development." The scope of decision making in the subsidiary is limited to the globally developed frameworks: "We have specific policies, procedures, rules and so on, of course, they exist. And we make our decisions in that context". However, when changes are needed, the Ukrainian HR manager has to obtain approval from all corporate levels before implementing anything new. This process of approval is not always easy. As the Ukrainian HR manager stated:

In principle, the next level of board always has veto power. Even in HR. Say, we decided on some issue, revising salaries, but I still need an approval from the regional office. If it's a global issue, say, changes in the rates system, then the global office has to approve. As long as the global office doesn't say "We approve," and as long as we haven't discussed 42 times the topic 'What is Ukraine and why it is different from Germany', nothing is going to happen.

In the HR manager's opinion, this German perception of stability is not suitable for Ukraine, where everything is constantly changing:

They (HQ) came up with a new system of remuneration. They described how it was going to work—for the regional and global boards of directors. They're

going to monitor it for a year, to see how it works. If the results at the end of the year are good, they will launch it at the next lower level. The point is, by the time it gets to the level of the ordinary worker, it probably won't be relevant anymore.

Yet, HQ does not become involved in the everyday routines of the subsidiary and does not require detailed reports: "Nobody controls that (reporting). I have assignments that I am able to carry out, thank God". These assignments are formulated by the supervisors of each employee. The Ukrainian HR Director has two supervisors:

According to our org chart, everybody has two bosses: one is the direct boss at the subsidiary and another one could be either the boss of the first boss or the functional head of the region. That is, there are always two people who make all serious decisions on a given employee. And they have to agree between themselves over every such decision. My first-level boss is here, the general manager, while the second one is the regional HR manager, who's in Austria. As a result, I get assignments from here and from there.

Communication between the subsidiary and the regional office is well established and involves both formal and informal channels. For the HR department communication is more informal, conducted via emails or telephone calls: "Sometimes I'm on the line with them (regional office) every day, then a week goes by and we haven't talked. It depends on what kinds of issues come up. There are functional issues, such as the financial department in Austria calculates loans for me. I send an application there, indicating the sum of the loan, and ask them to do the calculations."

As for the other departments, sales for example, communication is more formal, according to an interviewee from HR:

Normally we have regional meetings, once every six months or once a year, so that different employees, more often the sales managers, can talk about some important issues. The directors from the entire region get together in exactly the same way, twice a year, in order to talk about issues and objectives. The situation with HR is not much of an indicator, as our regional HR manager is running in parallel with its HR functions in logistics, purchases and

manufacturing. I don't know how the guy ever finds time to sleep. We once had a strictly HR manager, but she left and they handed over the function to the current manager, which is why we are operating more 'freestyle' these days.

The sales and purchasing departments are also coordinated by special global policies that restrict their actions and dictate which suppliers to use, as one interviewee indicated:

We sell what our parent company makes. As far as buying materials, then of course that's all done locally. There is a corporate purchasing policy, like anywhere. How things are purchased, what the rules are, what kinds of tenders, etc. There are certain suppliers, not many actually, who are imposed on us from upstairs, to be honest. Sometimes we succeed in resisting what really doesn't suit our purposes, sometimes we don't ... but mostly we do.

Corporate culture. The corporate culture at the company recognizes competencies, which are identified with a help of an evaluation list. Although the corporate culture is unspoken, it is clearly transmitted to employees, partly through socializing opportunities. Some traditions were shaped and promoted during the company's long history; for example, celebrating employees' work anniversaries. There is a platinum badge with a diamond for employees who have worked at the company for 50 years—the company counts many of these 50-year employees among its staff. Another example is a letter of congratulations, signed by the regional president. In Ukraine, the HR director introduced some changes to the letter: "I did it a bit differently. Earlier, these letters were simply handed to the person. But we do it with a party at our office, sending out invitations to join and congratulate the person. Employees enjoy a lot setting up a little party. There is also tradition to celebrate the promotions and transfers to other positions." As the HR Director of the Ukrainian subsidiary mentioned: "It doesn't cost anything but it teaches people to enjoy the success of others."

In response to the question, "How did you discover this culture for yourself?", the HR Director answered:

It's hard to say. Probably just through socializing. A month after I started here, I was sent to a seminar in Austria and there I was able to get an impression of

how top regional management socialized and to see them at work. Then there was the colleague who handed me over this position: she gave me a few days' training. How the entire process is organized, how and what people agreed—that's where the culture lies and it's distinguishable. After four to five months, we ask new employees what they have noticed about the culture and how they see it. More often than not, they say that it coincides with what we all see: stability, respect, open management—those things that are not just written down but can be felt every day.

In addition to these rules, there is a code of conduct that governs behavior with clients. The behavioral rules for top managers of the company are written down and a formal letter is sent to every new employee. In every office, there's a mailbox labeled "GB Direct", meaning that every letter will go directly to the global board of directors—although people are more likely to use email. There is also a tradition of "Trustee Visiting Days", when someone from HQ visits and talks to the employees about their issues. For this event, the company organizes language translation so that everyone can ask a question. As the HR manager noted:

Employees can come there with complaints or requests for advice. They don't have to report to anyone or to explain why they are going there, and all the answers will be received one to one as well. This is alive, working tool. Once or twice a year, someone from the regional or global office visits us.

Recruitment and selection. The HR department works in close collaboration with line managers during the recruitment process: "We work in tandem. I don't believe that only the functional manager should be selecting employees, because we can help professionally. Likewise, I don't believe that HR should be selecting people, so we're always working together". To fill vacant positions, the HR manager and the line manager discuss the requirements for a potential candidate and compose an advertisement. The company does not use a staffing agency for recruitment, instead relying on its own resources: "We post an ad on the internet, which is what we mostly use". On the internet there are several websites, aside from the corporate one, that are used to advertise positions because they have proven efficient. Then, based on the provided requirements, the HR manager screens resumes and calls successful candidates for interviews.

For the selection process, the Ukrainian subsidiary recently invented a competition that saves a lot of time and provides the best fit. Depending on the position, a candidate must complete a task that the line manager and the company's recruitment specialist co-developed. The HR manager fully administers this stage:

This process is completely local, as recruitment is not coordinated by HQ. Once we send out the assignments, depending on the position and the city in Ukraine, a certain percentage of completed shifts come back. They go to the manager who prioritizes them according to A, B, C among those whose resumes we already have. Then we invite people to the competition and look at how many of them. Normally this procedure works from the first time, but sometimes we have to repeat the process. Typically there are 10-15 people in each competition, of whom 2-3 are invited to an interview and then we make our offer. And everything goes together: there is the opinion of the manager and the opinion of HR. We talk: I see so-and-so risks with this person, but if you're ready to work with them, by all means. I don't believe in flatly saying, "No, we won't take them." My job is to simply forewarn the manager.

The selection criteria depend on the position. The company can train university graduates, arguing that "it's easier to build the habits than to break them". Certain positions (e.g., accountant) require an experienced employee. For other positions it might be different: "If it's a logistics person who works on orders, we grab him, train him, show him the system, and hand over the clients". The language requirement has not been as important recently, because the Ukrainian subsidiary has localized many practices including the corporate training.

The managerial positions at the Ukrainian subsidiary are usually filled by local internal candidates, with few exceptions: "We don't hire managers at all, because they've all grown up with the company and are still working here. In our entire history, we've only hired three middle management positions. But even when there is an internal candidate, we always look simultaneously at outside and inside ones". Confirming the above statement, the HR director added:

Sometimes there are situations when the people we need just aren't available on the market. We once needed to fill the position of area manager for Ukraine and we tried several times to find the right person. We never did find them and ended up moving one of our managers into the position because he was

interested in it. There was another case when we were looking for a director for our Lviv branch and the recruiters recommended my own employees to me! We ended up taking our young internal candidate, gave him slightly less responsibility, and let him grow.

Graduate recruitment at the Ukrainian subsidiary is well established:

We have a lot of trainees. At one point we were expanding this aspect, but now I ask my staff, why do they need so many trainees. Most of the graduates are working at the department of internal engineering networks because young engineers are needed there to do all of the calculations. Sometimes other departments need help during the peak periods and therefore take in trainees. Often we accept students for internships, when colleges send them to us. Sometimes we take them on a gratis basis or select one of two interns to invite for the following summer on paid internship. From time to time, these trainees stay on if a vacancy comes up. Right now, fewer of them stay because the company is not growing as quickly as before. Altogether, we feel pretty good about young people.

The company also places significant attention to its brand as an employer:

We often participate in job fairs. At the universities, which are of high interest for us, we work with their career centers and professors. We don't bother making presentations because they don't work. Students are usually forced to go to them against their wills. We prefer to do things like employment preparation workshops. The truth is that no one teaches young people how to get a job, how to put together a resume, or how to prepare for interviews—how to answer questions and how to ask them. We advertise ourselves only afterwards, letting them know that the trainer running their workshop is from our company. During the summer job fair, we did a lottery and now we're inviting the winners to participate in such a workshop. There is a demand for this. Of course, we say a few words about the company and a week later the participants of the workshop will have an opportunity to visit our site and see the company in operation. Last year, we offered a kind of "grant" for one of our areas: we gathered a bunch of students, gave them a number of different assignments, and assigned one of our employees to be in commission. The

grant was worth UAH5,000. We have built a communication on that basis. At the end, we recruited a few interns from that competition. This kind of event has a number of goals, which build our brand of an employer. If someone goes away satisfied and happy, he tells everybody through the grapevine how he got his grant. Of course, during the competition, we look at these kids for several hours and we already have a pretty good idea of their capabilities. If we need a trainee, we look at our contacts from the competition. Contrary, the assessment of dissertations does not provide such good results as no one writes them well.

Training and development. The Ukrainian subsidiary developed induction training for every newcomer to ensure that from the very first day the employee would have a prepared workspace and would be introduced to every department. As the HR manager described:

When someone joins the company, they have to first talk to the IT guy, the occupational safety and health department, accounting (for basic things), and then the induction department takes over. We try to make every department to put together an induction plan and to hand this to new employees on their first day. So they are prepared for them and we can oversee things. That way the plan is carried through.

Training programs are highly standardized and held in Regional HQ because the company has been evolving and expanding rapidly since the 2009 crisis. Large budgets for training were planned to allow each new employee to attend workshops in Austria during the first year. For example, regional top managers in Austria held induction seminars that lasted from two to five days. This approach was highly appreciated by Ukrainian employees, although the financial crisis and increasing maturity of the Ukrainian subsidiary shifted this process to local management. As the Ukrainian HR manager noted:

Now it's localized a lot. There are no more such mandatory events that people have to travel to Austria for. Everything is done locally now. We grew up on our own and we can do plenty using our own resources. Some specific technical seminars are run here by our guys because we have to train our clients. New employees can easily participate in these seminars and get the

same know-how in their mother tongue. Language requirements have also been lowered: there are positions where languages continue to be needed, as in the past, and there are those where languages are no longer needed. Thus, we hire more people these days who don't know foreign languages.

As a result, the Ukrainian subsidiary provides obligatory training seminars for new employees using the local language. The budget for these seminars is local and very limited. For each training initiative, the Ukrainian HR Director has to request money from the board of directors. The design and implementation of these local training programs is the responsibility of a specially assigned professional trainer who covers basic topics such as presentations, operations, and conflict management. For more advanced subjects, the HR director searches for a provider of ready-made training programs.

The HQ rarely initiates new corporate training programs. A recent global training idea was e-learning, which Ukrainian employees did not understand. As the HR manager explained:

It would be nice if they would launch it in a pilot format, consult with all the countries as to whether it will go over well, whether to launch it, whether it should go to all employees at once... For instance, e-learning was launched this year. And they really didn't work out how to communicate it to everybody. We just got word from our employees that "somebody wants something from us, we're supposed to take a course of some kind." And all we could say was, "Yeah? We've got e-learning? Wow, how cool!" This happens simply because the company is huge and tries to centralize processes.

The HR manager provided another example of a globally designed training program that could not be applied to Ukrainian context:

Last year, there was a sales-oriented program that came to us from the regional office. The idea was that employees from Ukraine—sales, sales managers and logistics specialists—would travel to Austria, be trained, take the material, and pass on their knowledge here. The program was mandatory, every employee had to participate in 2-3 workshops a year, and this meant time and money. The result was that we had to spend a lot of time adapting the materials they gave us to suit our situation here, for it to make any sense at all.

The issue was with details. There's a certain Austrian trainer who sees the sales system in a very specific way. So that's what he teaches. But our logisticians are interested in our specific clients, our systems, our problems and how to deal with them... We even broke up that specific training session according to our areas of operations, as they are very different from each other. We even split up the people, meaning we took one theme and divided it into three: for industrial production, for construction, and for internal engineering networks. Because the nature of these different clients varies significantly and each workshop provided case studies and role-playing, all based on real-life stuff here. It would have been pointless to present the role-playing based on Austrian business situations as they make no sense to us at all.

The regional HQ does not provide the Ukrainian subsidiary with any opportunity for international growth. The international rotation is well developed within the EU, whereas experienced employees in Ukraine are not mobile. As the Ukrainian HR manager stated:

They (HQ) have never taken anyone from Ukraine yet. People move around within the European Union. I guess it's easier to organize something like that. Even in Austria, it's very hard to get a work permit, even though the company's international. Something tells me that the company is losing a lot when they have some young guy that they found in Austria sitting in head office and managing people here who have considerably more experience. It distorts things. Moving around experienced employees would bring the company a lot more benefit.

The internal development programs and succession planning are also not formalized and depend mostly on the situation. The flat organizational structure cannot provide many vertical movements, as the HR manager illustrated:

You can't say that we don't offer a career. But if you compare us to American companies, you could say that maybe we don't. But if someone wants to, they can always find horizontal opportunities, take on some additional responsibility, or change functions within their department. Yes, middle

management positions rarely come available. There are folks who have worked for the last 10 years in a single position ... and they're happy.

Mentoring at the Ukrainian subsidiary is not a formal procedure but works very well. When new employees join the company, someone takes them "under his wing until they are on their feet". Each department makes the decision on who will be a mentor: "In the big logistics department there is a guy who travels all around Ukraine, showing systems and teaching people how to work with them. In smaller departments, people agree on their own, who will teach what to whom".

Performance appraisal. There is a special form used to set annual goals that are later discussed as part of the annual review. The process of goal setting occurs between the supervisor and subordinates, according to the HR manager: "This is something the local boss does directly with the employee: they agree to goals, they write them up, and then they evaluate performance". The midterm reviews of results can occur at any time during the year, depending on the manager. As the HR manager stated:

Personally, I talk to my staff more frequently. We look at how we are doing with our objectives, we add something here, we remove something there, the year ends and once again we have something to talk about, to set goals for the following year. Formally, these meetings are supposed to take place once a year. We're not obligated to meet any more often. But normally things are revised and some targets can float. Whatever the case, the manager is in communication with the employee.

The annual performance review is a formal procedure, for which the midlevel managers complete special forms online. There are three types of forms according to the position level: for management; specialists; and lower-level employees (e.g., warehouse workers). All of the managers in this system are judged according to a single parameter, regardless of their actual function (e.g., HR or sales). The first-level manager performs the evaluation and writes feedback that the second-level manager reviews, agreeing with the assessment or questioning it. Next, the board of directors approves the evaluation, depending on the level of the position being evaluated. Up to the middle management level, this process occurs in the country and is then sent to the regional board of directors, which issues a special memo wherein they state

whether they agree, disagree or reject the results of the performance evaluation. The entire system was not updated for a long time and therefore requires adjustment each time results are submitted. As the Ukrainian HR director explained:

The evaluation is aimed at competencies and influences the qualification bonus, which means that the basic salary is increased by a certain percentage based on result of this evaluation. It's 10-30%, although sales managers have their own system, where adjustments are made according to agreed target figures for sales volumes, clients, regions, and so on. So we end up with a mix where various evaluations overlap and affect each other. In reality, the system is outdated and doesn't really work anymore. These are instruments, such as they are, and we try to vary them somehow on a manual basis. This needs to be changed at the global level.

An inappropriate appraisal system would be more of an issue if the company were larger, as appraisal influences both salary and career opportunities, according to the HR manager:

We aren't that many and the regional office knows most of us personally. They see the evaluations and if there are any opportunities for promotions in the region, no one need look, it's all pretty obvious. Perhaps it is because we are so small that we can quietly live without too many formal procedures.

Compensations and benefits. The compensation and benefits system was fully diffused from HQ. As the Ukrainian HR manager indicated: "There's a rate scale, there's a basic rate of pay, a system of bonuses, a system of performance reviews, and so on. The system itself is absolutely the same in all countries". However, such a high level of standardization does not accrue many benefits in the Ukrainian context. For example, "The pay scale has steps with gradual raises after specific time periods. But while Germans are happy to have a 2% raise, our people laugh at 5% and complain, saying: 'Don't make fun of us. That's completely ridiculous'." In addition, the pay scale does not reflect the reality in Ukraine:

Take, for example, the salary scale: it's one and the same for everyone at the global level. But look at the difference between salaries in Germany—for managers and staff—and in Ukraine ... In Germany, the difference is 3.5

times; in Ukraine, it's 11 times. So you can't physically reflect this for Ukraine in the same report as Germany.

The Ukrainian HR manager is responsible for monitoring how closely the corporate salary scale corresponds to the local market:

In principle, this is my objective: to follow the market, to see what goes on at other companies, and to bring the vision of our board of directors in line, where it is we are going to. After that, we submit a special request with our arguments for why salaries should be changed. This request is approved by the regional board of directors, and if everything's ok, it then goes to the global board. Once they approve it, the raises of salaries are official.

However, the HR manager's request to adjust salaries to the local conditions does not always precipitate action:

I've been saying for a number of years that we need more intermediate grades, because we have a big gap between workers and managers compared to the market. The Hay Group recently presented some statistics: they took the level of top management and senior specialists and divided one number by the other, coming up with a coefficient. They set 11 for Ukraine and 3 for Germany. This means that if all I have is a single file with formulas by which the salary scale is calculated, every grade is tied to every other grade. And it's physically impossible to do a calculation for Ukraine using the same scale as Germany. In the end, we have come up with a compromise with the regional office. What we end up with is not entirely correct from a market point of view and, one way or another, we end up raising one part of the scale and lowering another. This summer I brought this up with our global manager at CandB. And I got the message that a single system is easier to manage, but on the other hand we cannot be equated to Germany.

In addition, the inflation rate in Ukraine is much higher than for Germany or any other European country, and has to be considered in salary adjustments, which is not always the case, as the HR manager points out: "We usually initiate this and they simply approve it. Sometimes they would allow us a bigger percentage hike than we

even asked for. There were times, such as 2006-2007, when the entire pay scale was raised across the board. That doesn't happen anymore".

Negotiations are more individualized and decentralized, according to the HR manager:

I look at the market, at the person's request, and at people with similar qualifications already working at the company. I take into account experience, education, the value of the person on the market and their value within the company and we find a compromise. There are no rigid numbers. There is the understanding that, according to our company's policy, the employee falls into one or another grade.

Benefits policies are also strongly controlled and globally standardized, according to the HR manager:

The bonus system is working for the second year here. It was also launched from upstairs and, I suppose, that's better than no system at all. But it would have been much better if we had been able to participate in its development. Any benefit I have to get approval for first, if I want to be able to offer it: supplementary insurance, lunches, etc.

This bonus system is tied to sales performance. Each sales manager and department head has their own targets for sales, margins, and so on. If they meet these quarterly targets, they receive a quarterly cash bonus. The social package the company provides includes life insurance. In addition, the company provides its managers with mobile phones, notebooks, and corporate cars, which are considered to be tools for work rather than benefits; the HR manager noted: "Nobody runs after the sales people checking if they are using the company car to go shopping for groceries on Sunday. Since we are located out of town, there is a pick-up service that takes those who don't have cars from the Metro here".

Table 70. HRM practices at the Ukrainian subsidiary of Germany R and influencing factors

Pressures for integration	Host country effects		Organizational effects		HRM practices		National context effects
	Dominance effects	Contingency factors			Standardized	Local or disintegrated	
→	→	Contingency factors	Founded in 1997	RandS	HR and line manager involvement	Recruitment process	Absence of control from HQ
			120 employees		Graduate recruitment		
			Greenfield				
			100% ownership				
		Polymer	Horizontal development	Localized training programs	Language barriers and crisis and budget restrictions for international training		
		Coordination mechanisms	Some HQ dependence	TandD	Internship programs	Induction training	Need for orientation
			Some Importance		Internal promotions	<i>e-learning</i>	Lack of local sensitivity in attempts of centralization
						<i>International assignments</i>	Ukrainians are not mobile and not demanded abroad
			Transnational Strategy			<i>Mandatory sales-oriented program</i>	Not adjusted to local context and client specifics
						Mentoring	Cutting the cost on training programs
	Matrix Structure		Rate scale and bonuses		<i>Rigid remuneration policies</i>	Constantly changing environment and need for higher pay increases	
	Some Control F/I	CandB	Bonuses are tied to performance	<i>Low coefficient of manager-worker pay level</i>	High wage differentials		
				<i>Inflation salary adjustment low</i>	Requires often and high adjustment		
			Weak role of HR	P/A	Standard forms	By supervisor only	Lack of formal procedures
	Process and results	<i>Outdated process</i>			Fast changing environment		
	→	Working system	High Commitment High Fragmentation	P/A	Performance and development		
			Some Involvement High Separation Some Delegation	Other			



Standardized practices or facilitators to transfer



Localized practices or barriers to transfer

Case study # 6: German H

Company profile. German H is a global leader in manufacturing various chemical products including detergents and adhesives for both consumers and industrial businesses. The company was founded in 1876 in Germany and through mergers and acquisitions has expanded to a large corporation with €15 billion in revenues and about 47,000 employees worldwide. The company's three globally operating business sectors are Laundry and Home Care, Beauty Care, and Adhesive Technologies.

Ukrainian subsidiary. In Ukraine, German H is represented by two legal entities: one is a wholly-owned subsidiary of the global company, divided into four business units according to product groups; the other is a brownfield resulting from a long process of acquiring a Ukrainian production company in 2008. Today, the Ukrainian company has five factories, four of which are in operation and one under construction. Despite the acquisition, the company management was not replaced. The Ukrainian subsidiary currently needs policies and procedures to be established that have never been implemented and which company employees do not comprehend, as one interviewee stated: "No one understands what they are and why we need them, or why we are called German H, or what changed in our lives apart from the new logo".

There are 998 employees working for both entities of German H in Ukraine. 198 of them are specialists and managers working for the first entity, and the rest are factory workers at the other entity.

Strategy and structure. The company's global office is located in Düsseldorf, Germany. The company is divided into regions; the regional HQ of the Central and Eastern European region is located in Vienna. Ukraine reports directly to this office, while maintaining contacts with Düsseldorf regarding certain issues. The local General Manager, who is a chief financial officer, has no control over the Ukrainian HR manager and functions more as a spokesperson for the company in communicating with the public. The direct supervisor of the Ukrainian HR manager is the head of HR for the CEE region in Vienna.

Control. The management of the subsidiary is based mostly on standardized policies and processes, proclaiming “One Company—One Approach”. Local business-unit managers make operational decisions, while the board of directors makes companywide decisions. The board of directors meets once a month to discuss global issues, and once every two weeks for operational issues. The board of directors is composed of business-unit managers of each of the four product groups and one for all factories, as well as the head of HR, and the heads of the legal and financial departments.

The head office sets the goals related to EBIT, such as net sales and other key performance indicators, but all other goals are the prerogative of the local subsidiary. As the Ukrainian HR manager stated: “Only we are responsible for the way in which we shape our strategy and the things we do in pursuit of the goals”.

Every two years, HQ assigns a new country manager for the Ukrainian subsidiary, whose leadership style significantly influences the unit’s performance. In general, the Ukrainian subsidiary has relative autonomy within the framework of stated goals and procedures. In addition, the subsidiary’s communication with the regional HQ is very efficient:

Some things can be done very easily. I do not have to spend a lot of time collecting the feedback and explaining it to the headquarters. It is possible to quickly react and make a decision. This is important as well. However, each quarter I must report on some matters of this kind. There are policies, which I am able to adapt, introduced as guidelines, and there are policies introduced as ‘must-do’.

Corporate culture. The culture of the company is evident in its strong brand and in various policies and actions toward stakeholders including employees and the community. The Ukrainian HR manager described employee perception of the brand: “The people who come to the company clearly realize that they are going to work in a brand-name company. This, of course, is an important factor. They understand that this industry exists, and it will remain in business even if people switch to cheaper brands”.

The company demonstrates care in its treatment of employees, according to the HR manager:

We have our training and development programs. We have international assignments, and when people in the industry are laid off, especially during the economic crisis, our company does not lay off its employees. We are trying to implement work-life flexibility and flexible working hours. We are also trying to appeal to employees by such things as medical insurance, meals, vacations, and other non-cash incentives. A certain degree of freedom and openness are attractive, too. This company is not as global as, for instance, Craft, and not as strictly formalized and regulated. We have no large gap between the top managers and employees in the lower positions. Some things can be done very easily. I do not have to spend a lot of time collecting the feedback and explaining it to the headquarters. It is possible to quickly react and make a decision. This is important as well. And lastly, we have slightly changed our corporate culture, we are trying harder to meet the wishes of our employees. This effort has brought some results as well. Because before that they communicated by putting some things into trays, and that was it, that was the limit of the HR work. When I came here, the first thing I did was to take line managers out for lunch. This was something new for them. We have a small terrace here, people typically smoke or drink coffee here. At first, when I came out here, everyone would leave. Now it is ok. They know that my office door is always open. They all know where to find me. Same as the Head of Legal. We do not have a situation where people do not talk to you because you are a Board member. There are some facilities in Dusseldorf, in the head office, such as daycare and dry cleaner's; this is the kind of things we are trying to introduce. I cannot say that our strategy is to be the employee first choice. But I can say this differently: we are trying to provide people with some advantages, because we are not the highest paying company on the market. Speaking of the labor remuneration level, we are slightly below the median.

In addition, the company cares about the community, although not every policy is suitable for Ukraine, as the HR manager pointed out:

We have some global programs implemented each year. Last year, it was the sustainability topic, which relates to the environment protection, perceived as one of the company values, which is absolutely understandable. We, however,

might not yet be developed enough as a society to be environmentally conscious. Perhaps this works with some very basic things, such as turning the lights off, not throwing certain things away in trash, not printing out unnecessary things. This goes without saying. But we do not have this in our culture; we are not even going to sort the waste, because we do not have facilities for it. Sometimes even the trash that we have is not removed. When this year's global topic came, I was deeply surprised, because the topic was 'diversity'. But we have no problems with diversity. We are doing very well in this area. We have these ladies who work for some time, then go on a maternity leave and are never seen again. This is all very interesting, but I cannot promise that we are going to promote the required 10% of the managers, because one of those who we were going to promote got married and left the country, and another person, one of our high potential employees, announced that she was going on her maternity leave and we never saw her again. This is another thing to be kept in mind. Speaking of the board of directors, 60% of them in Ukraine are female, how much more diversity do we need? The culture is different here. I cannot force people to change their values. Ukraine is different. I will tell you about Russia. When we were launching our new hair dressing brand, we carried out public surveys. The survey in Russia showed that the things valued by the Russian women are as follows: career in the first place, followed by financial support, health, and only then by family and everything else. According to the survey of the Ukrainian public, the first place belongs to the family, health is second, with personal fulfillment, which does not have to be achieved in the career, goes third, and the fourth place is given to career and everything else. In Ukraine, there is a general decline in the interest in career. In general, this is not important for them at the moment. I cannot apply this diversity policy here. This is a good policy and I understand it, but it is not an issue for us.

HQ accepts that some policies are incompatible with Ukrainian culture and needed adjustments are usually implemented: "The 2010 topic was vision and values. It was later changed to some kind of communications." The Ukrainian subsidiary does adopt other practices from HQ and has successfully implemented certain practices, such as charity efforts:

We do, however, have charity. We are very active in this sphere. We have a contest, in which the employees can offer a charitable project and make a presentation, which we then send to the regional level to get a reply and in positive case a financing. And we have won three years in a row. We have diverse projects. We give aid to Okhmatdyt, the Oblast's clinical hospital for children. We help orphanages. The most recent project we won is the Poltava hospice. These are very diverse things. Besides identifying the facility, we make a complete presentation, a calculation, and demonstrate the purposes for which the money is used. This is all recorded in a database, and a budget is composed and followed. All of this is under control. No one will be just handing out money. We typically finance some kind of activity, such as equipment purchase, renovation, or something else. We cannot just transfer the money for the recipients to have a meal.

Recruitment and selection. Until 2013, the company maintained a standardized recruiting process in which certified providers conducted mandatory assessments and competency interviews. The central office designed and developed the companywide recruitment process. In 2013 the new CEO, previously of Hewlett Packard, “where everything not related to code writing is outsourced”, decided to outsource recruiting, and the decision was not debatable. The Ukrainian HR manager expressed her anxiety about outsourcing recruitment:

We outsource it to them, and this is it. How are we going to interact, how are we going to deal with the business, how is this going to work? So far it turns out that we outsource a part of the project, namely the job posting and screening. After these stages, they still send you the transcripts of candidate interviews carried out by some girl, five CVs, and you still have to select between the candidates. I do not think that the line manager is going to do that, they are going to ask us anyway.

HQ assigns expatriates for all of the upper-level management positions, which is inefficient and demotivating for the Ukrainian subsidiary. As the Ukrainian HR manager stated:

We currently have six expatriates working here. I honestly believe that ten years ago it was reasonable to involve expatriate employees. Today, a new

generation of people has emerged, 30-35 years old, with Western academic background, capable of the best practices, who are fully able to learn something and work successfully. I do not think that the need for expatriates remains as big as it used to be.”

The HR manager described recent trends in the internship program:

We have a contest called ‘innovation challenge’, carried out in all countries. We take young people, university students, who perform some project that has to combine social responsibility and many other things. In order to carry out this program here, I need to spend a year just to explain to the children what we expect from them. Because there is no such thing on the market yet. Other companies do not do that, and the institutes are not ready. They do not understand what this is, what we are talking about.

Training and Development. The training to develop managerial skills is transferred from the global system, while other operational topics (e.g., sales) are managed locally. As the Ukrainian HR manager pointed out: “The company training, for instance, which are required for the management, is something we take from the corporation system.” Although most of the training programs are provided locally, the regional HQ dictates the list of providers that the Ukrainian subsidiary must use. This practice was not convenient for the Ukrainian HR manager, who succeeded in changing this rule:

Honestly, I fought against this for a whole year. And I won this case. I fought because I had been forced to work with a training provider, who did not do anything; they did not even want to do anything... I just asked for an assessment of the training efficiency. I just relayed what the employees told me, showed the percentage of the satisfied and unsatisfied people, named the things, which were done and which were not, explained the training support which had been promised but never was provided, and mentioned the amount of money we paid for it. At the same time, I showed the providers they can be replaced with. Such things being forced on us is a common problem for my colleagues.

The other issue with using outside providers for training is financial, and out of the HR manager's control:

The only thing we cannot influence is the payment terms, which are standard. We notify our partners about these terms immediately at the negotiations stage, and we tell them we can do nothing about it. We require a 45-day payment term. The Ukrainian training companies are unlike the European ones. European providers have money, which they can use to rent a hall and carry out the training. This is the money we will pay them. For this reason, the Ukrainian training companies typically require advance payment of 50 %. Our standard payment terms are 45 days after the service was provided. In Europe it is possible to access the resources, the money, go to a bank and take a loan. Here in Ukraine this cannot be done. No one has money. It turns out that in our case the local companies has to invest first in such large global companies like we are, because this is a completely standard practice for the Western companies.

Career development in the company is globally standardized, according to the HR manager: "German H has a unique system, which I have never seen before, called the "management circle". They start from the lowest MC3B, MC3A, MC2B, MC2A, etc. To become a GM, one needs at least the MC2A level". To be promoted, an employee needs to have a specific training history:

They must attend certain training sessions; once every two years we all attend the development center, the third year we get 360° feedback. All of that is accumulated in your history, with a training development plan composed in addition to your annual performance appraisal. In fact, there is a large number of conditions, such as mobility and certain other features. You cannot get to the next level without mobility. If I do not move beyond the CIS level, for example, I do not get promoted. I just stay here. We all need to undergo these development activities; there is a specific development center, operating only in Düsseldorf, where upon personal interview one can get a promotion. As a rule, we find this out in April, which means we already know the assignments, which each of us will have as early as in spring.

This international mobility program was introduced only recently. Contrary to the past, when top managers held their positions for decades, the new system limits the duration of one position to five years. Currently, managers remain in their positions for no longer than two years; for example, “In cosmetics, there are a new head of sales and a new business unit manager with assignment terms of two years as well.”

For the Ukrainian HR manager, this kind of turnover is distressing:

Replacing the managing director every year is not normal, because this way they have no time to do or understand anything. And I do not have time, because we work on some areas and do not work on others; in some areas we are were getting started when the newly appointed director changed his mind about them. This, of course, is bad, too. On the other hand, there are areas for improvement, such as talent management, for instance. In these areas, I would like invite people to teach the best practices, or invite coaches, who would teach, show, and explain; they are ready to lead, but the local staff should try doing it themselves.

There is a global management program from which top management positions are filled, and Ukraine participates in this program: “There are 4 of our people working abroad. One in Mexico, one in Vienna, one in Germany, and one in Poland. One more girl has been recently transferred to Vienna.” Yet, the top management positions are still unreachable for Ukrainian employees, who have become disillusioned about the career development system, according to the HR manager: “The people see that. They understand that it makes no sense and are already voicing their displeasure, because they see no sense in growing and pursuing some goals if someone will be taken from the outside anyway.”

All employees have some transfer opportunities if they want to take them, as the HR manager stated:

There can be other circumstances; I, for instance, initially made it clear that I have a small child (she goes to school now), I have a husband and aged parents; I am sorry but I cannot move. The most I can do is to take over some more responsibilities. I said that, and now they put me in charge of Belarus and some other areas of work. In short, if you can’t move, you have to fly.

An employee's refusal of an assigned transfer might limit promotion opportunities; therefore the employee should discuss plans with the development center, according to the HR manager:

Each person has their own history, which includes the mobility section, which is further broken down by year, three years, five years; you need to choose a region. No one says that an employee is not mobile at all. Maybe when my child becomes a teenager, I will want her to study abroad, at which point I will be ready to move. This is a possible option. However, such circumstances need to be announced when you come to the development center for the first time, at the initial appraisal.

Performance appraisal. The performance appraisal is another standardized practice in the company, which the Ukrainian subsidiary cannot and does not need to change, as the HR manager stated:

It works well in our company, everyone already knows the existing cycle. At this moment the assessment is done by the employees, then, till the end of October, by managers, after that the TMR rating, or the management review, is prepared, which is followed by the round table; in the end of the year, the appraisal is made. The communications with the employees are initiated in January. They continue till February, and the employees understand the appraisal they get. By the end of February, a development plan is made, and the work goes on for another year.

The assessment criteria include mandatory KPIs related to net sales and EBIT: group KPI constitutes 30% of the assessment; team KPI equals 30%, measured at the country level; and 40% are personal criteria. The personal component is discussed with the managers and has three parts: 30% is the group performance, 30% is personal performance, and 40% is soft skills or competence-based assessment. As the HR manager mentioned:

I have never seen this in my practice before anywhere except of here. In our appraisal procedure, after an employee makes a self-assessment and is assessed by the superior, a so-called DRT (development roundtable), is held. What does this mean? This means that the business or other department get together and have a discussion ... We may say that this is a "mini-360

degrees”, because you cannot fully hold it by yourself. First of all, the managers of other businesses, or the manager, discuss the people, their strengths and weaknesses. This creates the so-called visibility, if a person is not interesting to anyone, why discuss them. And the second aspect discussed at such development roundtable is the so-called high potential employees; the managers present the employees they consider to be ready for a certain area of work. They discuss the projects carried out and positions that can be filled by that person in the nearest future. At first this is discussed within the business, within the country, and then at the regional level. The discussion at that level also takes two days. And I believe this is highly important. Because, first of all, this is not only your opinion as a manager, boss, or colleague, this is also the opinion of other people. This is very important, because you demonstrate the way you communicate, the way you behave in business, how ready you are for team work and cooperation. This is also an opportunity to draw attention to the people you actually have ... To put it clearly, it is not process-oriented. We do not assess the process and means used by the employee. We value the achievement itself.

Compensation and benefits. The regional HQ is flexible on compensation and benefits policies. Recently, the Ukrainian HR manager prepared and presented the compensation and benefits policy to the board of directors, which was approved and implemented. The only globally standard aspect of compensation is the annual bonus for employees at certain management levels, which includes guidelines on the recipients and amounts. The budget for the variable part of the salary also needs to be justified, according to the HR manager:

We justify it and explain the things we want to do and the things we want to change. The contents of the compensation package can also be included here, because there are some things we do not provide. We do not provide options due to legal restrictions. We do not provide retirement savings, although we may come to it at some point. We are currently communicating with Dragon Capital, so this is possible. This is something we can do.

Another globally standardized practice is working with an assigned insurance provider, but the assigned provider was incapable, so the Ukrainian subsidiary negotiated to use the local provider:

I cannot work with a broker who never showed up during the year, never answered my questions, and yet charges twice the fees of any Ukrainian broker. Of course, such arguments against them are hard to resist. We carried out a competitive tender, and selected a local insurer for ourselves.

When local sales managers replaced the bonus system without an agreement with the HR manager, inevitable damage and higher turnover of employees occurred:

First, the bonus system was replaced, which cut the people's incomes. Second, the newly introduced bonus system was made by sales managers themselves. They just changed the bonus system in Ukraine "in the field", without any approvals from anyone else. They are not authorized to do so, but they did, and the result appeared immediately over the second year quarter, in the summer. People did not get anything for half a year, so they left. And third, there was a lack of stability and confidence about the future. I understand the managing director, who cannot tell them anything, but he was not doing anything to remedy the situation. He did not consider it necessary to communicate with the people. He believed that he had that function covered by the sales director. The sales director, however, did not consider it necessary either.

This relative autonomy of the Ukrainian subsidiary in providing benefits has also been positive:

For example, there are serious issues with work-life flexibility. They made an offer, and we were interested. Moreover, we did this ourselves, without waiting for them, during the soccer championship. At that time, Ukraine hosted the Euro soccer championship, and it was impossible to get to this building, as all the roads were closed. For this reason, we gave our employees a flexible working schedule and provided for a compressed working week. Globally we received this project by the time we had already taken the measures ourselves. We were offered to introduce work from home. We were given eight options, the only applicable ones out of which are the flexible

working hours and, in the best case, the compressed working week, because I cannot work from home. I personally can, but the customer service personnel cannot. Because they have to place the orders. They need to remain in the office, because they also work with the distributors. It does not always turn out well. A worker is not going to work from home, either. So this can be possible for some employees but impossible for others.

Table 71. HRM practices at the Ukrainian subsidiary of German H and influencing factors

Pressures for integration	Dominance effects	Host country effects	Organizational effects		HRM practices		National context effects
			Contingency factors	Coordination mechanisms	Standardized	Local or disintegrated	
Pressures for integration	Dominance effects	Host country effects	Contingency factors	Coordination mechanisms	RandS		Incapable line managers in selecting employees
							Underdeveloped links with universities
							Not efficient and fairly demotivating
			Coordination mechanisms	TandD	TandD	Management training	Lack of knowledge
						International assignments	Inefficient, but can bear the 45 days of payment delay
							Need for retention of acquired skills and knowledge on market specifics
					CandB	Career development programs	
						Annual bonus	Legal restrictions
							Uncommon
							Not efficient
					PA	Mandatory KPI	
						Standard process	
			Working system	PA	PA	360	
						Performance and Career development	
				Other	Other	Flexible working hours	
						Charity	

Standardized practices or facilitators to transfer

Localized practices or barriers to transfer

Case study # 7: German M

Company profile. The company is a German, globally diversified retail and self-service wholesaler, operating in 29 countries across Europe, Asia and Northern Africa. It was established in 1964 in Germany and through fast international expansion achieved a leading market position, employing about 120,000 people at more than 700 wholesale trade centers worldwide. The company helps customers successfully run their own businesses, and sales in 2013 were more than €30 billion.

Ukrainian subsidiary. In Ukraine, the company's first trade center was opened in 2003; after a quick and successful expansion, the company achieved €800 million in sales. Currently, the company has 33 wholesale trade centers in Ukraine and a managing office that together employ 7,600 people. The crisis of 2009, however, forced the company to review its strategy and turn away from regional expansion and toward increasing the effectiveness of business activities. Instead of opening new trade centers, growth had to be achieved through improvement, using the company's existing assets, resources, and processes. In 2011 the company started a process of transforming its vision, mission, values, strategy and culture. In addition, the global management strategy was revised with considerable input from the country-level offices.

Strategy and structure. With its HQ in Dusseldorf, the global company is structured primarily geographically. There are eight key markets, where Russia is included and three regions: West, East and Asia. Ukraine is located in the East region, together with countries such as Greece, Croatia, Serbia and Bulgaria. There are also functional divisions. The Ukrainian HR manager reports directly to her country Managing Director and has a dotted line to the regional head of HR.

Control. In 2011, a new CEO was assigned and the difficult process of transformation began, primarily focused on the organizational chart, strategy, mission, and vision. In addition, the control strategy was revised, so that about 80% of the control was given to the local management and 20% given to global. development strategy for the next three to five years was decided at the local level, with input from HQ. As the Ukrainian HR manager noted:

The head office challenges us based on the view of other markets and sets for us more difficult tasks. But in the end, the decision for Ukraine must be taken

by the board of directors. There is no centralized approach of working with the personnel. There are standard instruments but they will be a subject to the level of top and middle management (top 250 in Ukraine). Further it is purely country ownership in Ukraine how to use these tools.

According to the HR manager, the HQ supports subsidiaries: “I cannot say that I don’t have Dusseldorf behind me. Everything about training, development, achievements and some key strategic initiatives, they come to me from Dusseldorf.”

In addition, subsidiaries of the company share their experience and best practices:

We share experience with other countries, which is a luxury of international representation. Best practices. Yes, I can ask and I ask, for example benchmark, to compare with other countries, how effective I am as...? I can go to other countries and get support. We have a good global instrument on intranet called collaboration, where all countries post their best practices. So when you need something, you can get access to someone else’s library, you can search and find what you’re interested in. For example, when we were preparing the graduate program, not only do I have a positive experience, we also found a good practice in China, how they passed this way. Where did they suffer bumps, how did they transform the program, where did they close it and where open. We learn it and apply it.

The board of directors gathers annually at the regional level and the top-200 leaders meet. There is also a semiannual meeting of country HR managers in Dusseldorf. During these HR meetings, the managers review current activities, the projects for the previous and next periods, and best practices: “It is discussed what we have made for six months and what is to be done and some best practices.” Informal visits do not exist: “We do not practice it. Ukrainian team doesn’t do that, we don’t go abroad.”

Industrial relations. In the Ukrainian subsidiary, there are seven trade unions that account for about 2,000 employees. The largest is the internal union of the company, with about 1500 employees.

The Ukrainian HR manager described it with a story:

It all started when into our company entered several Ukrainian trade unions through our employees. In other words, since we had not, as we say, the

“yellow trade union”, we were an organization free from trade unions and to us naturally “sailed” people from two Ukrainian trade unions. The first union accounts about 30-40 people, and the second about 50 people. As a result, the employees who initiated the trade unions left the company and became the external chairmen of trade union. Later these trade unions arrived to us from outside. Gradually, the employees who worked for many years for us decided to create another better trade union as an opposition for existing ones. This trade union of our employees currently includes about 1,500 people. We have also several trade unions, which I would call “family unions” on the level of the trade centers. It is a group of people that join together—they are small, such a small family, a small team that is purely local, they don’t belong to anyone, don’t enter into any all-Ukrainian unions. Later we have got another situation when out of one of our trade unions separated another trade unions because of the ambitions of that guy, its head, who wanted to make his own trade union. As a result, we have such a different and disorganized trade union movement. As a result of this difference there is no agreement between these seven unions. They are all different and I can hardly imagine how they could agree further. It is a third year when we are trying to negotiate with them so they would make the single authority for negotiations. And they will unlikely agree. The second difficulty is that the trade union leaders set the different goals and the level of activity depends on these goals. Someone set a goal to get access to the collective contract in the future, to receive payments from the contract—all that are finances. Some trade union leaders set the task of earning the internal and external PR, on some lost labor disputes for me as employer, where I made a mistake. Some trade union leaders set the task of helping people, just like our company, they do collect fees for people and help when someone is sick. But for me it means that I have seven stakeholders, with whom I will have the regular job. It is different and depends on the maturity level of the trade union. Of course, it would be better if they were represented by a single body, with whom I could talk. But unfortunately, the situation is not like this. We do not have a collective agreement because of the difference of trade union movement. We are ready for it and we want to do it. For me it is better that I had a collective agreement, fixed document for employees. But so far we together with the trade unions are juridical entangled

how to resolve this situation. How do they affect? It is no reason to talk about the serious effect, because these are such personal ambitions of some groups, unfortunately. We have one trade union that to my regret is now associated with the situation, when someone wants to fire a person for drinking and absence and the trade union protects this employee. So we have a little distorted view of the trade union movement. Of course it is the voice. I take them into account in any case, because it is still opinion of employees, even if they are only 30. I respond to correspondence and they send me official requests. But for me it is a basic level of cooperation. I said to all trade unions that I saw a very productive way of working with trade union as with a partner. Yes, it challenges me but it is the partner.

In Moscow it was different. The trade union was the partner there. They could come to me or I came to them and they told me, “this and that is wrong. Let’s find a way out of this situation”. I can’t tell you, of course, that we lived in perfect harmony, but at least we looked at the same direction. In Ukrainian case, my trade unions, not all but two of them at least, take a position, “Baba Yaga is against”. It is not constructive, because we still stay in business. This is forgotten by trade union leaders because they are still of the Soviet age. And they forget a little bit that it is not the state economy, it is a business economy. And as I say, if tomorrow the shareholders will want to do something with Ukrainian business, they will do it, in spite of the trade unions. Then here it is important to maintain a pragmatic and realistic approach to the role of trade unions. Yes, they protect the interests of employees but it is not protection of 30 employees violating labor discipline. And the factor that a person entered the trade union and now I can’t do anything with him, in my opinion, is manipulation. And law protects them. If a person enters the trade union, I have to take the permission of trade union to fire the employee in case of violations of labor legislation. I would not say that it is painful. But it takes time. About 15-20% of my time during the workweek is taken by the work with trade unions. For me the employment relationship is inevitable, it's part of my job. But, unfortunately, I have seven of such stakeholders with whom I communicate and work on these issues.

Corporate culture. The corporate culture in the Ukrainian subsidiary has undergone a significant change over the last few years, mainly because of a change in the strategy. Before the financial crisis, the company was the picture of stability, with many employees who had worked there for more than ten years. However, after the crisis, maintaining this stability required a new performance-based approach, according to the HR manager:

Until 2009 the company grew due to a strong regional expansion that is due to the opening of regional trade centers. Since 2009 this expansion has slowed down, and we open maximally two to three trade centers per year. It's, in turn, caused changes in the requirements for the people we employ—first of all to the managers. It also reflected in our corporate culture and the way we work. It means that from the expansion when HR was administrative support of the business, we moved to the upbringing of talents, pipeline of the local talents, replacing expatriates of managers in order to grow the top level managers among Ukrainians. It probably caused change of HR director and review of the standards in general we work under. But what always remains the same in the corporate culture is that we are one big family. We are the family of 7,200 employees working in 31 trade centers. Our family consists of small families in different trade centers. Here in the Kiev office, we manage the trade centers and their functions centrally, but we still have the family atmosphere. Now we test our family atmosphere on the strength, because we stopped our growth at the expense of expansion and introduce new organic measures. Organic measures such as customer retention, return of customers that have already left, require different skills comparing to those needed to build the trade centers, employ people quickly and go on. Why do I mention this? Because we start to focus now on such issues like effectiveness, KPI, efficiency of investments in some groups of clients, where we need to refocus, how much do we invest in personnel, ability of our managers to work with digital information, how do they analyze the information. All this was in the agenda, and of course, our family was divided into good and not very good children. And these are the changes that people take painfully. This year, for example, for the first time we revised the wages of non-managerial staff according to performance-based results and it caused a storm of feedback. Because before it was “one size fits all”: everyone (I mean the non-managerial staff) has a

certain percentage, and now we want to have performance-based. It caused the question “why I was appraised so and the other one differently?” At the trade centers people are normally extroverted, everybody is open, the information spreads immediately, that caused a lot of discussions. The challenge for the manager at this point is to explain this new system and prove absence of favoritism, which is not easy for everyone. Thus, we change the approach, explaining that it will no longer be as before 70%. Now, we will raise this scale, choosing those who give a good result in sales and those who are not effective unfortunately. Those who are not effective we begin to wash away slowly that was not before. These changes are very serious and sensitive, so if you now walk in the trade center and start talking, the people who have been with the company for more than three years, as I say “old men”, will remember the good old times with fixed premiums and how hard it is now to live. But at the same time you may hear another opinion that young people want to grow, they are ambitious, they want to be invested in and build a career, but not to wait for pension till aging in the trade center. That is the important turning point for us in Ukraine.

The crisis was not the only reason for culture change; adjustments of strategy had to be made to adapt to changes in the competitive situation of the market, and to changes in buyer behavior which required an improvement in performance through ongoing investments, as the HR manager stated:

The crisis had a serious impact on our financial results in Ukraine. Though, the crisis was just one of the reasons. The second important reason is the change in the current situation of competition in Ukraine. When we entered the market, we were the only retail wholesaler, and for the last four to five years, the number of networks spreading rapidly is seriously increasing in Ukraine and competitors breathe to ours back. The third important point affected the change in strategy is our portfolio of clients. Initially our concept is customized to professional customers, so you can't even enter our trade center if you are not a professional buyer. Although we have made concessions, because we understand that we have individuals, who may be the business owners, but they do not do business “in white”, so we started to attract the retail customers to our network. Therefore, the third important

reason for the changes is that we want to give opportunity to our professional customers that unfortunately are only about 30-35% today, the rest is retail buyers. Still we want to give our professional customers more opportunities to come to us. It is because today they look around. In order to make a purchase they don't have to come to us anymore, they can go to competitors. For example, to take a ride in a car and collect the best prices in Kiev and Donetsk, only then to visit us. We want him to come to us first, because of our service, prices and assortment. This is the third reason, which made us to revise our strategy. We still want to have our own competitive advantage. We will never compete with retail, at least for the moment. So, if we look at competitors, we do not compare ourselves with them since we have a different format and we are focused on wholesale trade.

As a result, the Ukrainian subsidiary took the initiative to make some dramatic changes. To implement these changes, the new Country Manager initiated the Self-Awareness Program, which began with upper-level managers before being implemented for lower level employees, as the HR manager described:

Our MD brought an initiative that worked very well in his previous businesses. This is of course the change in the corporate culture, which is necessary in order to change the strategy. This project is based on the Oxford Leadership Academy and is built on the fact that in order to change the results of the business group and team you need to start from changing yourself. This tool is based on the interaction of the team. This workshop is run by the leader. The leader and his team make a number of steps, which we have been trained for in Düsseldorf and will pass on to the company. In my opinion it is the most innovative instrument and this initiative guarantees that the team works cohesively and understands each other not only on professional but also on the personal levels and as a result we will be more effective as a team, respectively as a country and as a business. He has several aims. First of all, it is self-awareness leadership. So I could be more effective and clearly understand what I need to change in my work. Because of the new strategy I have to understand who I am and without it I cannot move on. Otherwise there is a rupture between corporate values and my own values, which might results in leaving the company. And this tool allows me to understand what my

values are and what a leader I am, what I can do. I teach all of my people and peers at the table, and this is the key for us to interact and work together. That is, it will not be nice but very painful exercise because it is very personal. It is necessary here to reveal your own nature and then to listen to someone else, which is not easy because then we will go on working with it. From my point of view it is a good instrument, but can I see some risks here. First, what if having heard myself I realize that this is not my business? But there are recommendations of Oxford Leadership Academy to wait for six months so your decision can settle down and not to take any immediate steps. Second, what if we are sitting at the table and come to understanding that someone is mismatch? As a rule, it arises in such exercises. Then the question, what shall we do now? How to mitigate the risks? Another question is concerned the moment when we will go through this exercise as a country team, because this exercise will be reloaded on the levels of subordination into the organization. It is also the open area for me. Nevertheless, when we will find out in our workshop this knowledge would serve as a great instrument to change the role of the man in the team giving him another assignment. That is, of course, there will be a lot of steps after such workshops.

Recruitment and selection. The regional HQ hires expatriates for upper-level management positions. Levels 2 and 3 of managerial positions are filled locally using recruitment agencies. When certain specializations cannot be found on the market, access to the “network” is a benefit of the multinational company. As the Ukrainian HR manager claimed:

If today I would need a specialist in fresh products purchase, I could hardly find them on the market. Probably there are few such specialists but they don't speak English. So the matter is that we can easily import this expertise in order to allow him to train our staff and to transfer his knowledge. Then he can leave and even be replaced by another expat but needed skills and knowledge will be retained here. Therefore, the role of expats should be knowledge transfer.

Every member of the board of directors, with the exception of the HR manager, is an expatriate. Expatriates' compensation is paid from the local budget,

and there are 16 expats, 6 at the board of directors and 10 in key positions on the second level of management.

Such a large number of expatriates in top positions demotivates local employees to seek career growth, according to the HR manager:

Our company is an attractive employer; however, there are limitations of how far manager can grow, because there is some kind of “glass ceiling” which never lets a local manager take a director’s position, which is always occupied by an expat. Therefore, our new task is to train Ukrainians slowly but confidently and to prepare them for top roles.

Training and development. Most of the training programs are developed in HQ and therefore fairly standardized: “There is a very strong house of training in Düsseldorf that develops standard software for the company that we take and localize, customize, amend, modify and use. The functional training we always borrow from Germany.” Still, the company believes that skills can be improved through experience and not through the training, and recently the Ukrainian subsidiary began to provide a development program for the middle management.

This program is that this is soft part of our level 2 and level 3 people. MD sets the bar high. We brought Marcel Corstjens from INSTEAD, the author of “Store Wars”. He was with us this year, working with a team of about 30 people. It is a very good program designed to improve the project management skills, change management, ability to work in a fast-changing environment and understanding of international development prospects of retail segment. I do not think we will dramatically improve someone’s soft skills due to this program. These programs are more focused on the “open the eyes”, comparing yourself with others, improve the cross-functional interaction, understanding of mechanisms of the business development. All the same, I don’t believe that a certain level of human experience can rapidly improve the soft skills. Only through experience and stretched challenge. When a person is stretched, when breath catches from problems and something turns out, something not, a person learns faster than in a trip to some external program. It can somehow fix the knowledge, somehow focus, or vice versa.

In addition, there are development centers, which Ukrainian managers highly appreciate:

We manage locally our development centers up to a certain management level. The manager, in this case, is the trainer of his subordinate. When an employee is moving from level 3 to level 2, for example, he becomes a local trainer and he needs to go to the head of training and development at the regional development center. This is a good instrument to see potential. There are very complex exercises with cross-cultural atmosphere there. People are trained in teams of 10-12 persons from different countries. The observers are the country heads. I was also interested in a coordinate system. Since the culture is more intangible, up to 80 %, I was interested to see how the potential is estimated in other countries, its pluses and minuses. This exercise allows comparing Ukrainian talent with talent from other countries and seeing what the Ukrainian need to develop to be successful in this international company. I like this instrument very much. If the person is from the second level, there is my subordinate, he pretends for the board of directors, the country role and he will go to the international development center (IDC). There is a “battle of the giants”. The observers there are the general directors and they watch for 10-12 people—the talent pool, that pretends for the country roles. This is a good instrument. In this case I see a big plus for the international business that needs international ‘players’. When I see the Ukrainian directors who did not cross the borders of Ukraine, except for vacation in Italy, are talking about successful Ukrainian HR, it is a little funny for me. Because so far you didn’t see yourself in trenches in another culture and Russia is not the most typical country. If you go to other countries, you immediately begin to see differently the requirements for HR in Ukraine.

In Ukraine, the local development center offers the opportunity to move from level 4 to level 3, borrowing the instruments from German colleagues, who developed exercises. “We took them, learned methodology, train observers and use them as good internal exercises for middle management to look at the talented.”

Because the exercises were developed specifically for Ukraine, they could be used without any adaptation, according to the HR manager:

They made the exercises for us, for our market. We will translate them this year. We are making the local development center in English. We make exercises in English, because it is about a talent pool that will be international. This year we will translate the Ukrainian into Russian to conduct them at a lower level, for pipeline managers in trade centers.”

Despite all the efforts of training employees in management skills to fulfill the new strategy requirements, the talent pool remains an issue, as the HR manager stated:

If tomorrow, when I go to another decree or move to another country, I will not have a successor as at the moment there is no talent pipeline. I have not worked well to prepare the reserve. We have to go to the external market to replenish the talent pool, or, if an expat remains looking as expat.

The initiative of cross-functional rotation did not bring the expected results, as not every employee was ready to move to another position: “We tried to do the cross-functional moves to the middle management. It did not work. If a man is not good inside, it is very difficult for him to adapt to commercial field”.

There are different induction training programs depending on the level of the director (e.g., for the second and third levels). These programs also vary according to the function: HR-driven or function-driven. However, there is no difference between induction training for expatriates versus local employees:

Induction to the culture for expat—we don’t do it. In the past we did—but not now. On the one hand we are not the wild country to focus on it so much. On the other hand he has a local team under his supervision who involves him both in professional and personal things and explains many things. It will be his own journey to support his team. And we do not do anything special. Anyway, he will learn it while going deeper into the business. Many things he already gets right, he feels it and discusses.

Recently, the company launched the graduate recruitment program, in search of talented employees with knowledge of the English language: “My task is just to find more and more of these children—with the knowledge of English, with ambitions, the desire to develop and grow in our company, for the long-term period.”

Trainees were offered a three-year development plan, wherein for the first year they had to work at a trade center and then they could move up.

However, this practice was problematic, first, because the employer's branding was weak and not advertised enough to attract the best students, according to the HR manager:

I clearly saw the challenge that the universities and students don't understand how we differ from retail. They don't understand by what we are different in principle, 'Well, yes, we bought. Well, we imagine. Well, we visited you'. And, nobody sees our competitive advantages over other players. Still, this is international experience, international environment, you can still grow professionally faster and increase your market value and also earn and we will not reset it off. We are a 'white' player that is also important.

Second, the students, who were selected from economics and finance departments, were not ready for hands-on experience at the lowest level of the company, as the HR manager claimed:

Among seventeen finalists remaining after all selections, after a final excursion in the trade center, seven persons refused and just ten went to work. When they saw how it is 'behind the scenes', cutting the fish and meat, the youth said 'no'. By the way, the interesting point is mentality. I'm curious, how our Ukrainian generation sees its future. Maybe we went to the universities where kids are work-shy.

Third, the mentors who were responsible for training the graduates resisted sharing their experience, saying, "I gained this knowledge on my own and why should I teach others."

The Ukrainian HR manager hopes that through cultural change, the mentality of the mentors will change and the graduate training program will improve:

By the way, mentoring will get accustomed well, if we will implement the self-awareness program meant for corporate culture change. Because when people are open and when they know each other better, then it is easier to work for them as mentors. Mentoring provides intimacy and closes distance. I think that this program will help us to open up a little bit on the personal level.

The HR manager noted that mentors were not paid extra for this work and the only benefit they received was additional training:

The small, nonfinancial stimulus exists—they were gathered and trained. Still, retail is retail. The salary is not the most “aggressive” in the market, so all are interested in whether will be the additional payment. So far we don’t pay anything for mentoring in the graduate program. Maybe sometime we will do it for greater stimulation.

Performance appraisal. The new appraisal system was launched recently in accordance with the new strategy’s requirements of being performance oriented, although the new system is employed mostly for administrative employees in the head office in Kiev. In trade centers, employees can be dismissed only for violating the rules, as the HR manager noted: “In trade centers the reason for dismissal is hygienic factors, the layoffs under the legislation are in the case of drunkenness, violations of labor discipline, etc. Because when it comes to sellers, the hygiene requirements play the role.”

In contrast, at the Kiev head office there is a performance assessment that is still unclear for employees, according to the HR manager:

It is holding negotiations between managers and subordinate, because performance is also very subjective concept. For example, the employee showed excellent results for the last five to seven years, it is very hard to explain him why he is suddenly showing a bad result. It’s not because he became to be bad or lazy, just the requirements have changed. Conditions and requirements for the work are changing, but not everyone wants to change. ‘I work overtime 10-12 hours. Look, I work a lot’. But it’s not about how many hours do you work; the matter is what you do and how you do it. This is the question—how do you work with suppliers, how do you work with the trade centers. These areas have slightly different rules. There are some things that are not in the job description. This is something related to the ‘soft’ competencies, that are of course measured in the hardest way, but the result show it: the decision is taken wrongly, the contract is signed in wrong time, inappropriate conditions are discussed. All this is reflected in the result, which affects the sales and it is not the result we expected.”

The criteria for performance appraisal include certain KPIs that the managers need to meet:

So we have formal KPI's and personal goals, according to which performance is measured at the end of the year. But besides the fact that in the end of year we submit the results there are hot KPI's and project KPI's. I have my private personal performance review that I bring to my supervisor. Apart from our regular meetings every week about 15–20 minutes, I also have separately assigned time for it, one hour per month when we discuss the goals, whether they are achieved or not and where was the progress and where delays. This is to provide such a performance dialog.

Each department independently develops these KPIs in addition to objectives set by the global HQ, according to the HR manager

HR is developed by me, but there are hot KPI's that are unconventional—they are developed by controlling department. The controlling department also doesn't develop them from scratch, because there are standard things that are the same for all countries. This is due to our publicity and these things are mandatory. And there are the country KPI's that we focus on.

Input in the appraisal system is made by the department head and the controlling office and is called the “four eyes” principle. In addition to the appraisal system, which is called “performance dialog” and involves only the manager and his subordinates, there are also practices such “360°”, in which peers and subordinates provide feedback, and a performance process for middle management performance in which managers discuss performance, the potential to grow and competencies.

The company also pays close attention to employee potential:

As for the measurement of potential, we have a number of things. First—there is performance. Nobody ever lays performance on the shelf, because performance is also a confirmation of your potential. Because, whether you exceed expectations in his current role, you can do more creative and interesting things and it is performance. After that we discuss the competences. We had eight competencies, now after a revision of the strategy it is six. What is the how? This is how the one achieves the goal and whether it is acceptable or not. Whether it is in our corporate culture or not. And then the

board of directors discusses their subordinates. We discuss what we have to do to develop a person to the next level. And whether other functions agree with this. For example, I have subordinate X. I can see it as my successor, and the directors tell me: No, no. Look here, she needs this, she needs that, etc. Therefore, she may not be your successor and we agree. But to be your successor she has to do this and that. And this is feedback they give me. I can see it from a functional point of view, and they give me the cross-functional feedback. And this workshop that occurs, as a rule, in the end of the first quarter, where we agree about who are our best employees, under results of the work and of who are our potentials we will develop. But looking at my past experience—potentials—this is what is ‘today and now’. But there are too many dimensions that have influence. For example, in one company I can be a potential and may not be the potential in another company. Too many overlapping conditions affect determination of potential. From my point of view, first of all, there is an industrial thing. If we take potential for one industry, it will have some similarities within this industry. The second point is the national impact on how potential looks. And third, of course, is the corporate culture of the company, in which the person works—it also has an impact. The higher a person goes up along the career ladder, the more it is not about his hard skills, but of his soft skills. At this point his potential would rather be related to the soft skills, which are subjective by nature. So in our case, this process of measuring potential is more like negotiations between top management, where we discuss and come to some kind of opinion. Sometimes it is hard for me to explain to my subordinates why do I see them in some particular way. But if managers and top director will say that, ‘We see your team like this’ while I can have a different point of view, I will accept their opinion. And this is consolidated opinion. And I can say ‘Okay, I see you as my successor after certain period of time. For this you need to take certain steps’.

Compensation and benefits. The policy on wages and the amounts for base salaries are determined by the Ukrainian subsidiary with a few regulations from HQ, as the HR manager described:

As a country we define it ourselves. But there are the industrial things. You cannot, for example, set a goal to be the best paying company, because we are still connected with the industry, and the retail sector is not the most well paid, that is, it is not high tech, not telecom and consulting. Therefore, there are industrial things; you operate in the environment in which you work. Certainly in the policy of payment which has been building over the past nine years, and we are now doing the shift in the last year—with a performance based approach—there is division, gradation. Compared with the market, who we want to over pay, who we want to keep on the entry level pay, these are our country solutions. But when it comes to top-seven expats, it is certainly globally driven. Of course there are rules applied from Dusseldorf.

Table 72. HRM practices at the Ukrainian subsidiary of German M and influencing factors

Pressures for integration	Dominance effects	Host country effects	National context effects				
			Organizational effects	HRM practices		National context effects	
Working system	Coordination mechanisms	Contingency factors	Rands	Standardized	Local or disintegrated	Lack of specialists on the market	
				Founded in 2003 7600 employees	Global pool		Demotivating
				Greenfield		Expatriated for top position	
				100% ownership			
		Some HQ dependence	TandD	Retail	Functional training	Translation for lower level employees is needed	Language barriers
				Some Importance	Development program	Succession planning	Unstable environment
	Empowered HR	CandB	Transnational Strategy	International development centers	Cross-functional rotation	Difficult to adapt to different tasks	
					Induction training	Differences in corporate culture	
			Matrix Structure		Graduate recruitment	Lack of understanding	
					Mentoring	Resisted sharing experience	
		Some Control F	Division and gradation	Amounts determined by industry	Not competitive on the market		
			The reward spare for performance				
High Commitment High Fragmentation High Involvement High Separation High Delegation	PA	Formal KPI's and personal goals	Performance oriented appraisal	Not customer and market oriented			
		Both process and results	Measurement the potential	Subjective			
		Performance and career development					
	Other	360					
			Trade unions influence	Firing and compensation policies			

11

Standardized practices or facilitators to transfer

11

Localized practices or barriers to transfer

Case study # 8: French S

Company profile. The company is a French multinational corporation, founded in 1665, with headquarters in Paris. Originally a producer of mirrors, the company expanded its product portfolio to include a variety of construction materials and high-performance glass products. Through mergers and acquisitions, the company became the world leader in the habitat and construction markets, and designs, manufactures and distributes building materials and high-performance glass products. One of its brands, the global leader in manufacturing glass packaging, has a presence in 47 countries, with 14 production sites, and employs 15,500 people worldwide. In 2013, the company produced approximately 16 billion bottles and jars intended mainly for wine, spirits and food products, but also for the beer and nonalcoholic beverage markets. It also achieved sales of €2.4 billion and an operating income of €266 million.

Ukrainian subsidiary. In 2010, the company established itself in Ukraine through the acquisition of a local factory and became a leader in the glassware production industry on the domestic market. As of 2014, the company employed 542 workers and white-collar managers in Ukraine, and exported its products to Russia, Poland and other Eastern European countries. The plant uses new technology and modern equipment, which ensures high efficiency and product quality that meet international standards. The company's success is due to a strict policy of quality management and continuous improvement of production technologies through the implementation of successful global practices and the latest industry achievements.

Strategy and structure. The company has a matrix structure being divided into regions and five businesses. Each region, called a "Delegation", consists of all businesses and has its own board of directors. The HR manager of each business within this region reports to the Delegation's HR Director. In addition, the HR manager has a direct reporting line to the unit's General Manager. Such a complex structure often causes issues because there is no clear division of responsibilities. The Ukrainian subsidiary reports to its Delegation in Moscow and to the HQ in Paris.

Control. The European HQ executes strict control over its Ukrainian subsidiary. Numerous detailed reports have to be sent to both HQ and the Delegation.

The data must be entered in the Integrated System, which is not user friendly; it takes a lot of time to complete the forms.

The international units communicate with each other regularly using the company's internal Facebook, which the company designed itself with groups for different interests. In addition, there are conference calls and seminars. Ukrainian employees are not involved in international communication because they lack the foreign language knowledge and IT familiarity. Formal in-person meetings include annual meetings of the subsidiary's HR manager, GM, the HR director of Delegation, and the HR director of business, where they discuss talented employees and possible promotions and transfers. Policies such as diversity, mobility and development are global and closely monitored by HQ. Recruiting and promoting women is highly encouraged, and the number of women working at the company is one the performance indicators for the HR manager.

Corporate culture. HQ clearly articulates and controls the company's values, which include respect for others, legal compliance (especially local laws), environmental care, safety and loyalty. To communicate these values and to ensure that employees understand them, every two years the company celebrates with an "International Day of Code of Conducts". Every subsidiary presents its own movie for a competition called "Communication Star" on how they see their values. Another special event occurs every two years, called "International Day of Safety and Environmental Issues", for which the Ukrainian subsidiary introduces different initiatives such as "Plant a tree—Save the planet".

There is a subculture among employees who have worked for the company for 25-30 years. Every newcomer must complete the initiation program to understand this subculture. The HR manager warns newcomers that they need to earn trust and authority from more senior employees in order to be accepted into the community. Failure to be accepted leads to the failure of further cooperation and the functioning of the entire unit. The Ukrainian HR manager supports the subculture because it corresponds to the corporate culture's values, (e.g., respect for other people). For older employees, the HR manager does not play the role of a manager as such; instead they perceive her as a supportive administrator and never ask for advice in disputes, saying, "aren't we men to be able to agree on our own?". They also do not accept new, young supervisors, believing that greater experience prevails over education and position, which has led to conflicts.

Another subculture is that of expatriates who demonstrate how to treat people with respect and how to present oneself. As the Ukrainian HR manager noted:

Our expats always had their doors open. They are often visiting the factory dressed in a Versace suit with a Hermes tie, but always on top of it in safety equipment, greeting every worker and asking 'how are you?'. The distance was reduced so. They also never screamed at anyone or humiliated anyone. Every decision was discussed and negotiated with all involved sides. Although, sometime it would have been better to apply the authoritarian style of management in order to take a decision faster.

Recruitment and selection. The recruitment channels depend on the level of the position. Blue collar employees are recruited mostly through personal contacts, whereas higher positions, which are rare in the job market, are filled with the support of headhunters or HQ.

HQ strictly controls the headcount: the Ukrainian subsidiary has to inform HQ of every new hire, and for higher level positions the HQ's approval has to be received first. As a global practice, the model of competencies is applied during the recruitment process. Recently, the company applied a new rule that prioritizes internal recruitment. The reason for this action might be in the specialized nature of the business. The focus has now been placed on development of succession planning and the diversity policy.

Training and development. The training programs are designed according to employee level. For blue collar workers, the trainings are mostly related to professional skills, whereas for white collar workers the focus is managerial skills. Upper-level managers receive training at the corporate level at HQ or through e-learning. Every year during the appraisal period, training and development programs are planned for every employee. Obligatory standard courses for every newcomer include induction training, code of conduct, safety rules, and technical courses for workers. The induction training is planned for two months and automatically monitored. The corporate management school provides special modules for managers according to their different levels of development. These modules focus more on personal characteristics rather than on functional knowledge. At the factory, workers receive on-the-job training through mentoring. Although the corporation provides all necessary courses, the language barrier and financial limitations prevent the Ukrainian

subsidiary from implementing global practices, and they are compelled to develop local ones onsite.

Succession planning is the main HRM challenge at the Ukrainian subsidiary. Due to the specialization of the business, it is difficult to find the right specialist on the job market; thus, the training and development programs focus on preparing reserve staff. The Ukrainian subsidiary proposed the initiative of a special program called “Academy”, which would help develop the reserve staff. For the first stage, the HR department announced a competition among all employees to write an essay on the topic “My contribution to the development of my company”, to discover which employees were actually interested in development and growth. After the board of directors evaluated the essays, the successful candidates were interviewed according to the corporate competency model. The final stage included 15 employees from various departments, with an appropriate balance in terms of candidates’ age and gender. For these employees, a training program of six modules was developed, with the support of external providers. After finishing the program, the employees received diplomas. For the HR department, it was important to communicate both the results of the competition, as well as the purpose of the program and its continuity. HR wanted to make it clear that this development program was the first but not the last one and that the company is ready to invest in their employees. Of course, some of the employees who lost the competition tried to attack the program and blame the results on miscalculation. Others argued that it would have been better to increase salaries instead of spending large amounts on useless programs. However, the HR department foresaw such difficulties, and put extra effort into constant communication and transparency in the evaluation process. After completion of training program, the HR department conducted interviews with participants to obtain feedback and to plan their future development. One of the program elements was functional rotation, and some candidates were moved to Moscow. Those who could not be promoted immediately were constantly informed and updated on various possibilities. The Academy program assumed the presence of a mentor, the manager of the department, who would meet with participants monthly. The HR manager had to control the execution of such meetings by collecting signatures from managers and by constantly explaining the importance of this program.

The mobility program is one of the key programs at the corporate level. Every employee is encouraged during the appraisal interview to move both geographically

and to other functions and business units. In support of this program, the company has developed a brochure describing the global mobility policy. The final decision on who and where to move occurs in the annual review conducted by a committee of the subsidiary's HR manager, GM, HR director of Delegation, and HR director of business.

On the corporate level, high-potential employees are considered "talent" and have their own grades: CIHP, gold, silver and bronze. CIHP are leaders on the regional or country level.

Performance appraisal. The appraisal system is applied only to the "cadres" and is planned for white collar employees, while blue collar employees are not assessed. The process involves only a manager and his/her subordinate. The results of appraisals influence the bonus part of compensation. The criteria for appraisal consist of KPIs and competencies. To perform the appraisal process correctly, every manager completes an e-learning module that explains how to conduct the interview, what to talk about, what should not be mentioned and so on. The responsibility of the HR manager during the appraisal process is limited to reminding the manager to complete the module.

The HR manager has four major indicators for performance appraisal: diversity, mobility, commitment and development. Commitment is measured by the percentage of completed engagement surveys and by the satisfaction of employees. It is challenging for the Ukrainian HR manager to achieve high indicators of commitments because factory workers do not have access to the computer to complete the engagement survey, and the survey must be administered after the working shift, which is not always easy to do. In addition, workers do not understand the reason for and importance of this practice. Workers are also afraid to answer questions such as 'Do you know the strategy...?'. In contrast to Ukraine, in the Russian subsidiary, the HR manager was not as sensitive to the workers' desires, forcing them all to complete the survey. As a result, biased answers were received.

Development, another indicator of HR manager performance, refers to the reserve and is measured by hours of training, number of blue- and white- collar employees and cadres. Cadres are the managers of departments, and start with 300 points on the grade scale.

Compensation and benefits. The compensation system is based on the grades, however, there are only six grades for cadres and the rest are considered

workers. For material compensation, the company provides salary, bonuses, mobile phones, corporate cars and medical insurance, whereas nonmaterial compensation is limited; the only nonmaterial benefit is development. There are several events that the company celebrates to develop loyalty among employees, including an “industry day”, when the entire business unit gathers for a party. For Ukrainian workers, it is uncommon to be at the same table with directors and such events remain special for them.

Compensation is in line with the market, and for high-level positions the compensation is very high. A major mismatch with the European HQ’s regulations are ‘paid extra hours’, which do not comply with Ukrainian laws. In Ukraine, extra hours worked during the workweek can be compensated only with payment and not with compensatory leave, which is meant only for weekends.

Table 73. HRM practices at the Ukrainian subsidiary of French S and influencing factors

	Host country effects	Dominance effects	Pressures for integration		Organizational effects		HRM practices		National context effects
							Standardized	Local or disintegrated	
➡	Contingency factors	RandS	Founded in 2006	Headcount, internal recruitment					
			570 employees	Approval of cadre position					
			Brownfield	Model of competencies					
			97% ownership	Graduates recruitment					
	Coordination mechanisms	TandD	Glass manufacturer	Management training	Succession planning	Lack of needed specialist on the market			
			Low HQ dependence Some Importance	Mobility					
				Development					
		Transnational Strategy	E-learning	Locally developed 'Academy'	Language barrier				
			Induction training, mentoring		Financial limitations				
		CandB	Matrix Structure	Grades	High differentials in salaries	High worker-manager separation			
			Some Control F	Salary and bonuses					
			Expatriates 0,002%, All Heads						
		PA	Some importance of HR	Standard criteria and the methods					
				For cadres only					
High Commitment									
Working system	Other	Some Fragmentation							
		Low Involvement	Diversity	Integrated System	Language barrier and lack of IT familiarity				
		High Separation		Extra working hours	Can be compensated only by payment and not by compensatory leave				
Some Delegation									



Standardized practices or facilitators to transfer



Localized practices or barriers to transfer

Case study # 9: French AI

Company profile. The company was formed in 2006 through the merger of two telecommunications equipment corporations. The headquarters is located in Paris, France. As of 2014, the company had operations in more than 130 countries and was ranked as technology sector leader in the Dow Jones Sustainability Index. Its revenues for 2013 reached €14.4 billion and the approximate number of employees was 62,000. The sales distribution for 2013 was: North America 44%, Asia Pacific 17%, Europe: 25%, and the rest of the world 14%. Prior to the merger, the predecessors of the company had been in the telecommunications industry since the late 19th century. One predecessor was founded in France in 1898 and the other in the US in 1869.

Ukrainian subsidiary. The Ukrainian subsidiary of the French global telecommunications company was established in 1993 and in 2001 it became a wholly-owned subsidiary. In 2006, the company merged with another large US telecommunications provider. As of 2014, the company employs 105 people in Ukraine.

Strategy and structure. The European HQ is located in Paris. There are three main regions, which are divided into subregions, clusters and perimeters. Ukraine and Caucasus (Armenia and Georgia) are grouped into one perimeter, which is included in the Eastern and Northern Europe region, CIS subregion. The head office of the CIS subregion is in Moscow. The Ukrainian HR director has a direct reporting line to the CIS HR Director and dotted administrative reporting line to CEO of Ukrainian subsidiary, because of the matrix structure of the company. As the HR director stated:

So my cost center, my goals and tasks, my performance management, all the managerial and operational issues, all are being performed on HR line, but I still synchronize my actions with CEO, though he's not my direct superior. And such an interesting situation is present throughout the whole structure. Some people's bosses are not even in Moscow, but somewhere in Europe. This is a global practice for the company. Some managers haven't even met their subordinates in person.

As a result, functional subordination overrules local administrative subordination in almost every function, although the intersection between functional and regional subordination is deeper for some positions:

Except these two superiors, people also have competence leader, who is a manager responsible for specific technology, decisions or equipment. Functioning in such matrix structure has its impact on almost everything: on the culture, on people's approach to work, on reaction and decision making speed, and also, talking about the finances, on the processes connected to consolidation. In some companies transfer from one department to another might be just an administrative process. But for us this process is very important, because our matrix structure entails the system of registration of all the financial indicators on corresponding cost-centers. It means that employee's transfer between functions, departments, or even inside one function between different product lines has a significant impact on subsequent financial performance of these product units/projects/functions. It is important to mention that no transfer happens easily, a lot of things must be reconciled.

Control. The company employs a global strategy and maintains a high level of standardization, according to the HR director: "We have a corporate standard for absolutely everything, locally we do nothing. We could adapt, but there's nothing to adapt there. Human Resources reporting includes reporting on all dynamics of staff, like transfers, hires, dismissal and so on and also financial component."

To cut costs, the corporation created shared service centers where all practices are global and highly centralized. Such an approach is not welcome in the Ukrainian subsidiary, where local context prevents adaptation of such practices. As another example of cost control, the company restricts all expenses related to travel:

Since last year, face-to-face communication, business trips and meetings, business tourism was strictly prohibited in our company. Business trips are welcome only if it is a meeting with a client. This is a trend for many companies like ours. As you have mentioned, we are the telecommunications company, so we are those people who invent and develop modern communications. So in all other cases we use all of modern communications' possibilities. For instance, now we are at the meeting room, which has all the

necessary equipment for video interviews. In such a way we interview manager who's in Moscow. Also we conduct business reviews, which are virtual meetings with participants from different regions, like Ukraine, Kazakhstan, Belarus, Russia, Eastern and Northern Europe countries. We have a solid portal, let's call it intranet, with a huge number of different resources, in text, web or video form. Video trainings and webcasts are also common. From my personal experience I can say that it makes communication easier, but it can't substitute for personal meetings. But we all have adapted to this, and if we are talking from a cost wise-use point of view, which is one of our reference points, then it is good achievement and it is really convenient. Not to mention conference calls, which are very common in everyday use. Everything is very well established and we actively use all the possibilities that we have, which are video, voice, web, all the things that help communication.

HQ requires the Ukrainian subsidiary to comply with a diversity policy:

We also had a target to reach age diversity. There is such an age group as Generation Y. This target is almost not applicable to us, because about 40% of our employees are under 30. But it is a worldwide target, because in American region average employees' age is almost 50 years. I don't think it's good that 40% of our staff is under 30. We also should have expertise, confidence and balance. No one knows how to react to this challenge. Well, if we want to have some universal rule, then we may say that diversity of organization should reflect the diversity of the labor market. So if we are talking about the labor market, then our situation is probably irrelevant, and for some other country its situation also would be relevant.

Expatriates no longer hold leadership positions and now represent only knowledge transfer: "There were 14 expats in Ukraine, but now we have just one localized expat, project-manager. Others didn't want to leave, but it was too expensive to keep them here. The CEO in Ukraine is Ukrainian."

Corporate culture. The company projects a high culture, which is common not only within the business, but also within the industry: "Our Moscow colleagues have high level of culture, and it's like that not only in our company, but in the whole

industry. In telecommunications people are mostly intelligent.” In addition to Russian influence, the Ukrainian office has a strong French influence: “I can say for sure that we have French culture. First of all it is a tendency to political organization. We have a lot of politics. And second is incoherence, which is seen on global level.”

The incoherence could be seen in the company’s approach to employees. In attempts to restructure the company and to improve the quality of employees, many people had to be laid off, although the company generally shows a strong commitment to its employees. As the HR manager explained:

Since the merger we have a new trend of high performance culture on which we are working now. In 2010, after the difficult 2009, when we had to lay off people, we started a very interesting initiative, which unfortunately didn’t last long. We started to make qualitative replacement of staff. The crisis helped us in this. In 2009 we just let go people with outdated skills, whom we couldn’t teach new technologies and new approaches to work (mostly engineers). And in 2010 we not only reduced headcount, but analyzed all the data and fired low performers or people with skills that can’t be updated and hired new people with skills that we need, actively searching the labor market. So from the processes’ point of view 2010 was very interesting. I think that it had a positive impact on internal situation and company’s culture. These things in some way showed us what we mean by high performance culture. We also replaced some people with other people with so-called critical skills, it was a serious shakeup. And new people also have brought a lot. We had to lay off staff and optimize its quantity. In project organization as we are decisions are being made really fast. I’m saying that we were laying off staff, but actually it wasn’t a dismissal according to labor law. We let them go by agreement, and we didn’t have to notify them and to wait for two months. These are the fast actions that should be performed in, say, two weeks. We are socially responsible company and if we let people go by agreement we are still trying to reach an agreement with them and we part our ways in a way that our reputation is left undamaged.

Recruitment and selection. HQ strictly controls the recruitment process and the headcount has to be approved according to the budget. The Ukrainian HR manager described the process:

We fill in the application in a specific tool and then it must be approved by functional leaders on European level, even if it concerns internal transfers. You remember, external hires are still not allowed. When we get all the approvals, we can start searching. The search is not regulated at the moment, so that's where local specifics works. We can fill in the position ourselves. Last year we had a few exceptional cases of external hire, we were looking for engineers with strategic skills. Not once we went to recruitment agency, we always find people by ourselves. Shared service centers incentive will become effective on January 1st, 2013. Its specific is that we have tools, we have processes and there's work, which includes communication with candidate and with manager, interview, negotiations, job offer. Then all the information goes to shared service center. Maybe the reason of my disbelief is that I am here and I feel local specifics, but I can't imagine people from Romanian center interviewing Ukrainian candidates via Skype, or talking to managers (then English is a must), or having agreements with job portals.

There is no standard approach to assessing individual skills and the Ukrainian subsidiary identifies skills for each position: "When you hire a person, you assess not just his skills, but also his ability to fit your culture and approaches. It's not a secret that working style is different even in Kyiv and Moscow."

Training and development. To develop leaders and create a talent pool, the company designed a process called Leadership Pipeline that was launched in 2011. This process was not well integrated in Ukraine due to several limitations, as the HR director described:

In brief, it was OK, but it had no clear purpose, and it was done formally. Of course, managers used all these labels like HiPo or Key Talent, when they wanted to support an employee. But in fact we just spent some time doing this work, but when we needed to fill in the position, we couldn't find someone in talent pool. The simplest reason, except the issue of knowledge and skills, is that people actually were not mobile. They weren't ready to move. So to improve the quality of talent pool we specified a clear goal: specific number of critical positions worldwide. And also we said that we need a pipeline (as you see, we even use sales terminology here) with people who are ready to take this critical positions. Talking about leadership pipeline process, the creation

of talent pool, it is an interesting process. We had special training and communication. But there is a barrier and it will not disappear. It is connected to the fact that the process now runs counter to the current situation. The main idea is to develop leaders, to give them opportunities to get new experience in other functions and countries. But because of the strict control all the business trips are not allowed, and because of restructuring there are almost no opportunities for development. So as I see from the feedback, managers consider this process theoretical and far from reality. It happens to business processes often. A barrier appears not because there's no agreement on approach, but because there's no correlation to current business situation. For our managers the process like that means that they have to tear themselves from more important things. Today they have other priorities. Of course my push back is that we always have to work with talents, especially in critical situations like now. But opportunities for implementation of these actions are limited. Even the training plan for talents is different. It's not a usual development plan. And it's not just soft skills. We are preparing people for their future specific roles. There are different incentives and approaches, and managers of the talents are not always ready to commit to that, because it means that we have to detach an employee from his job. Restructuring leads to a compressed schedule, and it is not easy to find time for development.

Another global initiative was recognized certification in IT, developed by the company's corporate university of the corporation:

There is a world recognized certification in IT area—Cisco. We also have our own certification and it may be similar in some parts. We have our own corporate university that develops all these certification programs. We also certify project managers. They go through all the stages: Project Manager, Senior Project Manager, General Project Manager.

Performance appraisal. The standardization of the performance appraisal process is concerned with KPIs, which are expected to be fulfilled. However, the extent of HQ's communication and therefore the Ukrainian subsidiary's comprehension of such indicators might affect its integration. In addition, actions

after the performance appraisal are limited to a certain extent, according to the HR director:


Of course, we have people with low results and potential, but we can't replace them because external hires are prohibited. We have to seek in our internal resources worldwide. But who will come here? So the manager sometimes wants to replace one employee with another, but he can't do this. So what to do here? It's not a common situation. Some of them are just tired because of the external factors. Sometimes there is fourth round of tender instead of just two, and the results of this tender are important to the whole office. These people have the burden of responsibility. So I try to talk to them, to change their perception of life, to make them go in for sports and to remember about their families. So this is the coaching that borders with psychoanalysis. Of course, key account is not an engineer, and we can use him in adjacent areas.


Compensation and benefits. The approach to compensation was standardized recently to facilitate transparency:

There were no critical moments in CompandBen, but, for example, our engineers have long working hours. At some point they started working in geographically distributed teams. So they exchange the information with their colleagues and find out about each other's compensation. And that is where critical moments may appear. They start to compare. But today the concept is so standard and unified, that it doesn't happen anymore.

Table 74. HRM practices at the Ukrainian subsidiary of French AI and influencing factors

		Organizational effects		HRM practices		National context effects
				Standardized	Local or disintegrated	
Host country effects	Contingency factors	Founded in 2001	RandS	Headcount		Crisis
		105 employees		Internal transfers approval	<i>Shared service centers</i>	Language barriers, high context culture
		Greenfield		No external hires	Cultural fit	Cultural specifics are strong
		100% ownership				
	Coordination mechanisms	Telecommunication		Corporate university	<i>Leadership Pipeline</i>	<i>People are not mobile, company restrictions for travel</i>
		High HQ dependence	TandD			
		Some Importance				
		Transnational Strategy				
		Matrix Structure	CandB	Unified system		
		Strict Control F/I				
		Expatriates 1%, Expert			<i>KPIs</i>	Limits of understanding due to weak communication
		Empowered HR			<i>Qualitative replacement</i>	Possible layoffs due to the crisis
Pressures for integration	Working system	High Commitment	PA		<i>Internal replacement of underperformers</i>	Lack of interest from expatriates to come to Ukraine
		High Fragmentation				
		Some Involvement	Other		<i>Age diversity</i>	Does not reflect the diversity of labor market
		High Separation				
		Some Delegation				

 Standardized practices or facilitators to transfer

 Localized practices or barriers to transfer

Case study # 10: French A

Company profile. The company is one of the largest insurance companies in the world, with more than 160,000 employees in 57 countries on all five continents. The head office is located in Paris. The company was founded in 1816 in France and had rapidly grown through the merger of insurance companies. Today, the French global investment, retirement, and insurance group is a conglomerate of independently run businesses, operated according to the laws and regulations of many different countries.

The geographic distribution of revenues for 2012 follows: 30% for Northern, Central and Eastern Europe; 23% for France; 14% in the Mediterranean and Latin American Region; 13% in the United States; 11% in Asia-Pacific; 6% for UK and Ireland; 3% for Direct P&C.

The gross revenue for 2013 was more than €90.1 billion.

Ukrainian subsidiary. The company entered the Ukrainian market through a merger and acquisition, a common corporate strategy for growth. In Ukraine it acquired two companies, one of them domestic. As of 2014, the company employed 1,000 full-time workers, plus about 2,500 contract workers in Ukraine.

Strategy and structure. The matrix structure is common for the company, but interview questions about the board of directors did not yield straightforward answers. Most of the decisions are made jointly, which makes such matrix structures very effective, especially in HR-processes. The structure is relatively flat, with no hierarchical pattern.

Business needs dictated the change from a decentralized culture to total centralization. However, the recent crisis in Ukraine allowed some freedom for localization of processes, and local, market-specific practices were instituted in the Ukrainian subsidiary. This applies to products and sales techniques; some models of interaction with banks, such as traditional bank insurance; and some HR practices.

Control. The Ukrainian subsidiary is controlled by headquarters using Scorecard, according to the HR manager: “Everything is balanced, Scorecard considers them all—profits, sales, and, for example, service quality, which means that these tools are designed so that to make people understand where business is going from, and where competitive advantage is.”

The Ukrainian HR manager described formal meetings:

Here at least once a quarter we have the so-called quarterly review, when people come, a management committee of the region. It is always a management committee. We do not have one person, we always have the board, so we are managed by the board. So, they come to, rather, control quality indicators, because we have clear KPIs identified, nevertheless there are some quality goals that we need to do.

In terms of overall control of the Ukrainian subsidiary, HQ's operations allow the subsidiary significant autonomy to decide its own strategies and policies. Expatriates' role in the Ukrainian subsidiary involves control, but their level of involvement is not clearly defined, as the HR manager pointed out:

Two Belgians and three tops from the companies, well, five in total. But in fact it was what is called a decision-making body, they make decisions, and there is operational level, department directors. But at one point we had the following situation: if department directors disagree, the board cannot influence them. Well, this is clear, there are 17 accounting for them, and each of them is responsible for its own area, however, not everyone of 17 plays a key role (i.e., they are in majority, opinion-leaders are in minority), and we have finally sent there a team composed of the board plus five more persons, who were the opinion-leaders.

Corporate culture. Despite all the mergers, the French culture was always visible: "And you come with your own culture, with all sorts of your French things, like—peace, friendship, festival." As the Ukrainian HR described the culture:

If we take a look not at now, but at a time before the crisis (i.e., taking an example of normal business process), these are decentralized cultures really focused on the financial result, on a certain transparency in business. So, this is understandable, a large company, we cannot afford a lack in compliance and so on, however, generally, this is a focus on two to three indices, which are the major. Here it is necessary to talk to all, it is necessary to try to convince everyone and to try. Maybe even not to try—anyway there is someone who can make a decision afterwards, but you still need to try. This is a sort of negotiation culture, I would say. This was before the crisis, of course. Now things are changing. Now we are going more to centralization, again, this is

dictated by business need. Why business need? Because, despite the specificity of the regions, we are still creating a lot of various different things. For instance, here is a vivid example. Now I also take part in a project at the group level, which concerns, actually, the introduction of a competency model, if we speak our language, being the same for the entire company. It never happened here. There is a great deal of such agreement-related moments, many decisions are taken jointly.

In addition to managerial negotiation, the corporate culture assumes employees will be involved in the corporate culture, according to the HR manager:

Our key cultural indicator is involvement of employees, so we measure it once a year through opinion survey. Plus we have KPI of changes in corporate culture. This means that once every three years we measure the color of our corporate culture, define the goal of where we want to go, to what extent, and how effective we are in following these directions. That is, there is a certain system that is accepted in the group, we have identified three colors for ourselves—red, blue and green. If I realize that I have priorities in the red, I have to move, for example, to the blue, but I will not come into the blue before 100%, entering it before 75. That is an indicator of, let's say, cultural changes.

The survey was adapted from OCI, as the HR manager described:

I will not say that it can be attributed to one of the ideal ones. I believe that opinion surveys of employees that we have is the most powerful tool we are currently using. The question is different: how is it applied? Especially now when I see that I work within these few projects not only for Ukraine, but now for NORCEE (Northern, Central and Eastern Europe) as well—it turns to the question of vision of this or that approach. The tool itself may be either thrown away or used, the thing is what to do with it. It means that this is a landmark, a direction.

The impact of constant mergers is strong and destructive:

In 2007, we were completely what we call a red hierarchical structure, there were two owners who left the company, and people got used to working within such structure, being under owners. Then came the shareholders, who

have created the boards, which were nonsense there—“how can five people make decisions, why do they have to make them?” But there is a following question for the future: when mergers and acquisitions occur, within the first two to three years the thing is that companies need to learn to work together. Originally we had a logo with red, white and blue, while two companies had green colors, and they said: “Alright, let it be French A, but it should be green.” And believe me, it was said not by people at the level of reception, those were people belonging to Minus one, Minus two. That’s why we created a sort of internal culture, however, the question is that now everyone knows that it’s French A, but is this culture enough to move on, to grow and to make the next breakthrough that we have chosen? And we say: “No.” Which means that at the moment we realize that we have taken the first step, but we need to change it in order to reach the end.

Today the corporate culture has certain French features that can be observed in everyday activities within the subsidiary. The Ukrainian HR manager describes these features:

Masculinity. We have no women in the board of the Group. The culture at the highest level is still more masculine. We do have another woman, but she is, rather, a feminist in our understanding, very rigid.

Relationships. This is a company where it is pleasant to work in. It means that since, first, there are sales, and we focus in order to ensure sales, namely, internal culture—this is still a relationship. This should always be a relationship. Agree, discuss, yes, and everything is very nice. So, when you talk to everybody, everyone will ask you, everyone will support you. There is a well-developed recognition, you can do something for five cents, and you will be praised for two dollars. However, when the time comes to taking decisions, they are taken rigidly (i.e., this is not the case). As I say, if the rules are spelled out, and we did everything, we will say goodbye in the end.

Collaboration. All the more, what I have here is not just a collaboration, but collaboration with other teams, I mean the teams that do not relate to my team and this is where a focus was made. I have collaboration within my own team and collaboration with other companies, which means that there are two out of

eight existing key indicators that are focused on collaboration, since this is the way the culture needs.

Intellectual energy. If we speak of the central office, about 40% of my people accounts for technical specialists. Underwriters, actuaries are mathematicians, cybernetic engineers, who evaluate risks, so, this is a serious work. This is not a matter of performing the run-and-do duties, these are people who must invest certain amounts of intellectual energy, and this in a turn affects the culture as well. I mean these are people who enjoy thinking, who need argumentation, that's why certain programs that may work or not are designed for them. This has a deep impact on the business and on the culture.

Patronymic. There is a very clear understanding here: appealing to the Board - use name and patronymic, department directors are too democratic—one may appeal to them by name, but, in principle, by name and patronymic. We understand who this or that person is sitting in this or that office, (i.e., in spite of the matrix structure).

Distance. There is such a healthy level of distance that can save adult relationship and not slip into cronyism and familiarity.

Industrial relations. At the Ukrainian subsidiary there is a labor council that the company organized and therefore has full control of, according to the HR manager:

We involve them when I need to get a fast decision from representatives on the program. We have 25 regions, 17 departments belonging to the central office, these are people who can quickly provide feedback. They feel their importance, I get quick feedback. Well, let's be honest, we've sealed it based on the legal grounds.

Recruitment and selection. The recruitment process is primarily internal due to the recent crisis in Ukraine, although the process was external before, when the company experienced fast growth, as the HR manager stated: "We are looking for employees inside the company, however, we recruited from the market in the first few years. We had to grow up, we had a business growth of 45% a year, so, it is understandable that we needed new employees."

Previous work experience is the main concern in terms of selection criteria, according to the HR manager:

We started taking young people two years ago. Thus, the starting three years I had the first criterion: if a person has less than five years of experience, we don't let him/her even to the reception. Today we have two expats. Because it was expensive, we tried attracting local people. We chose several people that simply represented more pro-Western cultures, assuming it to take one to two years to gain the expertise and ways of working as well. As, for example, in order to launch a project office in such a company, you need not only expertise, you need someone with experience.

Training and development. The training programs were developed locally in order to compensate for employees' lack of knowledge:

In order to introduce the new model of competencies we began with education, we trained people. We created mini-MBA for the tops, the tops passed through a more profound training. We called it mini-MBA, while in fact those were competencies. Plus, of course, certain business indicators. There were both technical, and non-technical ones. We gave people PNL, for example. We found that among executives not everyone understood KPIs. And it was shameful to say something, that's why it was necessary for them to train as well. Don't forget soft. We had an annual program—one day in the month we dedicated to the development of tops.

International mobility is developed mostly with Asia and based on a talent review. Due to the company's flat structure and recent market issues, the Ukrainian subsidiary had to develop the development program locally:

We are hardly a company that gives a rapid career growth, (i.e., in our company it is impossible to come to us and to become a deputy chairman of the board in five years)—no, never. However it is rather a horizontal growth to a greater extent. But, since it is technical industry, everybody show a great progress in technical knowledge. We have a developed expert career; there are many people who have no subordinates in our classical understanding while occupying positions belonging to a very high level, including those in the Group, and we are developing understanding that this is normal. International

mobility is complicated, because by moving people from region to region it is impossible to do it. Instead, we practice some short-term rotational projects up to six months. Again, our expertise is valuable in emerging markets. For example, our employee returned from Brazil just yesterday. These are the markets, which are similar in terms of yield and ambition.”

Performance appraisal. At the group level there is a program called OTR, Organizational Talent Review, which was developed at the group level for global use. This program includes a meeting at least once a year, where all HR-directors and chairmen of the boards of the Central and Eastern Europe region meet to discuss a *level minus one* (successors or not successors). Each employee receives a certain color (red, orange, green), which correspond to his or her performance. Every six months the employees in the red zone are reviewed to decide whether they should leave the company or be moved to another position.

Global performance appraisal practices assume seven KPIs, and in Ukraine there are three additional locally developed indicators: “We stepped even further, as there are 7 KPIs for the country, upon which we assess top-management, and we made up 3 KPIs, which we want people to learn about, and it affects their assessment, bonus systems, and so on.”

The model of competencies was developed locally and transferred to HQ, as the HR manager claimed:

When I came here and put a question: “Ok, however, is there an ideal employee’s portrait?”—‘No.’ They told me: ‘Listen, look at experience that different countries have. Well, draw what you think is necessary.’ That’s why we have pictured our values. They looked like the group values, but we had our special ones, which we clarified. For example, we know the value of optimism, and we said that we had an average age of 31, and group average of 42, and so now we have optimism and changes—this is a normal process. They said: ‘OK’, and on this basis we have drawn our competency model. Where are we now, when we’ve looked at 57 countries? We found that we have a minimum of 27 of such models that exist, operate and consistent. I mean, that people did not just write, they believe in it, they recruit people and evaluate them based on it, they live thanks to it, which means that this is part of the culture.

The assessment system influences compensation, based on the goals of the competencies. Both work process and results are taken into consideration: “We look first at what is being done and how. Then, when, for example, we do the revision of compensations, it is clear that we start from the market. The first for us—performance results. We look at the same indicators. The second—market. And the third—history of promotions and internal equity.”

The competency model plays a major role in the subsidiary and links all HRM practices:

We have assessments in the systems as well, both in the promotion systems, and in selection systems. We have a system in general—once in six months we assess by competencies. And, moreover, we have a semiannual so-called calibration meeting starting from the board. First comes the Board, they discuss Minus two level, achievements-drawbacks over all competencies. Then we cascade. We have the notion that we have managers whom we’ve trained according to one standard. And now there is one standard. One moment we agreed that there are three things that we appreciate in people. We recruited 60% of our staff based on them, we’ve trained managers and we honestly dismissed those who did not fit. So despite the softness of the approach, we acted in a very rigid manner. We gave people opportunity to make an assessment, people saw the way the things should be, we gave motivation to those who are successful. So, we have motivation, which is rigidly tied to the performance results. We believe that people who perform better must get more. When we talk about performance results, it is about what they do and how, and these are fundamental things that you can see in the strategy. We have three priorities in the strategy, and two ways by which we are going to achieve them. We have “what” and “how” extremely infused, which means that people perceive it quite normally. Furthermore, there are several things that culture hides within. One thing is that we are promoting, like certain systems that are successfully working in our company. So, I can promote it, as well as sew up the assessment in the system, but the second thing is how management behaves, (i.e., how consistent the managers themselves are and how intensively they apply it). And in the end, when something happens. For example, we believe that people should easily understand that such-and-such type is to be employed or not, shall be promote

it or not, I mean patterns—whether they are comprehensible or they are not. And when people see it, they respond in an adequate way. They understand what we say, as well as the way the management behaves.

Compensation and benefits. The compensation system is composed of fairly high salaries tied to market trends, along with various bonuses and benefits, according to the HR manager:

We offer a very competitive compensation package. People feel comfortable here when I am talking about a compensation package. We started to build very basic things, to pay salary according to the schedule. People moved to normal offices, we gave them health insurance. We started to pay official salaries, we said that we would pay bonuses not because of a director's instructions, but because of achieving such-and-such indicators. We have a very big bonus system. Usually 25% is already a lot for our employees. This is just for employees. The tops have even more, up to 50.

Yet, the bonus system is used as a punishment tool for underperformers, as the HR manager noted: “A person did not get remuneration due to the fact that he/she did not show the required level of competence. Bonus was reduced. Reduced bonus, and quit afterwards. For the employees it makes from 20%. Someone left, someone still works with us trying to improve.”

Table 75. HRM practices at the Ukrainian subsidiary of French A and influencing factors

Pressures for integration	Dominance effects	Host country effects	Organizational effects		HRM practices		National context effects
			Contingency factors	Coordination mechanisms	Standardized	Local or disintegrated	
Pressures for integration	Dominance effects	Host country effects	Contingency factors	Coordination mechanisms	RandS	Founded in 2007	Unwillingness to invest in employees
						1000 employees	
						Brownfield	
					TandD	100% ownership	Crisis
						Insurance	
						Low HQ dependence	
			Working system	Coordination mechanisms	CandB	Some Importance	Flat structure and limits of mobility
						Transnational Strategy	
						Matrix Structure	
					PA	Low Control	Cultural way of motivation
						Expatriates 0.02%, Heads	Market demands
						Empowered HR	
					Other	Organizational Talent review	Differentiation
						7 KPIs	Market specifics
						Competency model	
					Other	Result and process	
						Performance and development	

Standardized practices or facilitators to transfer

Localized practices or barriers to transfer

Appendix 5. Statistical analysis of survey in Ukraine

FREQUENCIES VARIABLES=Size Age Greenfield Ownership ageHRmanager Education
 Foreignexp HQdependence
 HQdeptech HQdepfin HQdeppers StartegyGlobalRetaining Task Involvement
 Separation Delegation
 Strategy Procedures Results Plans Training Corpculture Communic Manager
 control BoardofDirectors
 HRMimportance HRMtransfer HQR LocalR DiffusedR Graduates Internships Ex
 patriates ManagerDevelopHQT
 LocalT DiffusedT HQA LocalA DiffusedA HQC LocalC DiffusedC HQB LocalB D
 iffusedB
 /STATISTICS=STDDEV MEAN MEDIAN MODE
 /BARChart PERCENT
 /ORDER=ANALYSIS.

Frequencies

Notes

Output Created		08-DEC-2015 15:36:...
Comments		
Input	Data	/Users/helga_nov/Desktop/PhD/Interview/transcripts/Ukraine/Ukraine_analysis.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	42
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.

Notes

Syntax	FREQUENCIES=Size Age Greenfield Ownership ageHRmanager Education Foreignexp HQdependence HQdeptech HQdepfin HQdeppers StartegyGlobal Retaining Task Involvement Separation Delegation Strategy Procedures Results Plans Training Corpculture Communic Managercontrol BoardofDirectors HRMimportance HRMtransfer HQR LocalR DiffusedR Graduates Internships Expatriates ManagerDevelop HQT LocalT DiffusedT HQA LocalA DiffusedA HQC LocalC DiffusedC HQB LocalB DiffusedB /STATISTICS=STDDEV MEAN MEDIAN MODE /BARCHART PERCENT /ORDER=ANALYSIS.
Resources	Processor Time 00:00:09.54 Elapsed Time 00:00:10.00

No.	Name of the company	Financials										Operational										Environmental										Social														
		Revenue	Profit	Assets	Liabilities	Equity	Debt	Current Ratio	Debt to Equity Ratio	Return on Assets	Return on Equity	Revenue	Profit	Assets	Liabilities	Equity	Debt	Current Ratio	Debt to Equity Ratio	Return on Assets	Return on Equity	Revenue	Profit	Assets	Liabilities	Equity	Debt	Current Ratio	Debt to Equity Ratio	Return on Assets	Return on Equity	Revenue	Profit	Assets	Liabilities	Equity	Debt	Current Ratio	Debt to Equity Ratio	Return on Assets	Return on Equity					
1	ABC Corp.	100	10	100	50	50	2.0	0.5	10%	20%	100	10	100	50	50	2.0	0.5	10%	20%	100	10	100	50	50	2.0	0.5	10%	20%	100	10	100	50	50	2.0	0.5	10%	20%	100	10	100	50	50	2.0	0.5	10%	20%
2	DEF Ltd.	200	20	200	100	100	2.0	0.5	10%	20%	200	20	200	100	100	2.0	0.5	10%	20%	200	20	200	100	100	2.0	0.5	10%	20%	200	20	200	100	100	2.0	0.5	10%	20%	200	20	200	100	100	2.0	0.5	10%	20%
3	GHI Inc.	300	30	300	150	150	2.0	0.5	10%	20%	300	30	300	150	150	2.0	0.5	10%	20%	300	30	300	150	150	2.0	0.5	10%	20%	300	30	300	150	150	2.0	0.5	10%	20%	300	30	300	150	150	2.0	0.5	10%	20%
4	JKL Co.	400	40	400	200	200	2.0	0.5	10%	20%	400	40	400	200	200	2.0	0.5	10%	20%	400	40	400	200	200	2.0	0.5	10%	20%	400	40	400	200	200	2.0	0.5	10%	20%	400	40	400	200	200	2.0	0.5	10%	20%
5	MNO Ltd.	500	50	500	250	250	2.0	0.5	10%	20%	500	50	500	250	250	2.0	0.5	10%	20%	500	50	500	250	250	2.0	0.5	10%	20%	500	50	500	250	250	2.0	0.5	10%	20%	500	50	500	250	250	2.0	0.5	10%	20%
6	PQR Inc.	600	60	600	300	300	2.0	0.5	10%	20%	600	60	600	300	300	2.0	0.5	10%	20%	600	60	600	300	300	2.0	0.5	10%	20%	600	60	600	300	300	2.0	0.5	10%	20%	600	60	600	300	300	2.0	0.5	10%	20%
7	STU Co.	700	70	700	350	350	2.0	0.5	10%	20%	700	70	700	350	350	2.0	0.5	10%	20%	700	70	700	350	350	2.0	0.5	10%	20%	700	70	700	350	350	2.0	0.5	10%	20%	700	70	700	350	350	2.0	0.5	10%	20%
8	VWX Ltd.	800	80	800	400	400	2.0	0.5	10%	20%	800	80	800	400	400	2.0	0.5	10%	20%	800	80	800	400	400	2.0	0.5	10%	20%	800	80	800	400	400	2.0	0.5	10%	20%	800	80	800	400	400	2.0	0.5	10%	20%
9	YZA Inc.	900	90	900	450	450	2.0	0.5	10%	20%	900	90	900	450	450	2.0	0.5	10%	20%	900	90	900	450	450	2.0	0.5	10%	20%	900	90	900	450	450	2.0	0.5	10%	20%	900	90	900	450	450	2.0	0.5	10%	20%

Frequency Table

Size

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10	1	2.4	2.5	2.5
	30	1	2.4	2.5	5.0
	50	1	2.4	2.5	7.5
	75	1	2.4	2.5	10.0
	105	1	2.4	2.5	12.5
	120	1	2.4	2.5	15.0
	125	1	2.4	2.5	17.5
	150	3	7.1	7.5	25.0
	155	1	2.4	2.5	27.5
	170	1	2.4	2.5	30.0
	200	3	7.1	7.5	37.5
	240	1	2.4	2.5	40.0
	250	1	2.4	2.5	42.5
	280	1	2.4	2.5	45.0
	300	3	7.1	7.5	52.5
	320	1	2.4	2.5	55.0
	500	1	2.4	2.5	57.5
	505	1	2.4	2.5	60.0
	570	1	2.4	2.5	62.5
	800	3	7.1	7.5	70.0
	900	1	2.4	2.5	72.5
	998	1	2.4	2.5	75.0
	1000	2	4.8	5.0	80.0
	1100	1	2.4	2.5	82.5
	1300	1	2.4	2.5	85.0
	1400	1	2.4	2.5	87.5
	1500	1	2.4	2.5	90.0
	1700	1	2.4	2.5	92.5
	5000	1	2.4	2.5	95.0
	6500	1	2.4	2.5	97.5
	7200	1	2.4	2.5	100.0
	Total	40	95.2	100.0	
Missing	System	2	4.8		
Total		42	100.0		

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6	3	7.1	7.3	7.3
	7	1	2.4	2.4	9.8
	8	1	2.4	2.4	12.2
	10	1	2.4	2.4	14.6
	11	1	2.4	2.4	17.1
	15	2	4.8	4.9	22.0
	16	2	4.8	4.9	26.8
	18	1	2.4	2.4	29.3
	22	1	2.4	2.4	31.7
	38	1	2.4	2.4	34.1
	1986	1	2.4	2.4	36.6
	1987	1	2.4	2.4	39.0
	1989	2	4.8	4.9	43.9
	1990	1	2.4	2.4	46.3
	1991	1	2.4	2.4	48.8
	1993	1	2.4	2.4	51.2
	1994	1	2.4	2.4	53.7
	1996	2	4.8	4.9	58.5
	1997	1	2.4	2.4	61.0
	1998	2	4.8	4.9	65.9
	1999	2	4.8	4.9	70.7
	2000	1	2.4	2.4	73.2
	2004	1	2.4	2.4	75.6
	2005	2	4.8	4.9	80.5
	2009	1	2.4	2.4	82.9
	2011	3	7.1	7.3	90.2
	2013	3	7.1	7.3	97.6
	2014	1	2.4	2.4	100.0
	Total	41	97.6	100.0	
Missing	System	1	2.4		
Total		42	100.0		

Type of foundation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Brownfield	35	83.3	85.4	85.4
	Greenfield	6	14.3	14.6	100.0
	Total	41	97.6	100.0	
Missing	System	1	2.4		
Total		42	100.0		

Ownership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	97	1	2.4	2.4	2.4
	100	41	97.6	97.6	100.0
	Total	42	100.0	100.0	

ageHRmanager

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	24	1	2.4	2.4	2.4
	27	2	4.8	4.8	7.1
	29	1	2.4	2.4	9.5
	31	3	7.1	7.1	16.7
	33	4	9.5	9.5	26.2
	34	4	9.5	9.5	35.7
	35	5	11.9	11.9	47.6
	37	3	7.1	7.1	54.8
	38	5	11.9	11.9	66.7
	40	4	9.5	9.5	76.2
	41	1	2.4	2.4	78.6
	42	2	4.8	4.8	83.3
	43	1	2.4	2.4	85.7
	45	3	7.1	7.1	92.9
	46	1	2.4	2.4	95.2
	49	1	2.4	2.4	97.6
	52	1	2.4	2.4	100.0
	Total	42	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	State	30	71.4	71.4	71.4
	International	12	28.6	28.6	100.0
	Total	42	100.0	100.0	

Foreign Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no	30	71.4	71.4	71.4
	yes	12	28.6	28.6	100.0
	Total	42	100.0	100.0	

Dependence on HQ's Product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	14.3	14.3	14.3
	2	3	7.1	7.1	21.4
	3	17	40.5	40.5	61.9
	4	8	19.0	19.0	81.0
	5	8	19.0	19.0	100.0
	Total	42	100.0	100.0	

Dependence on HQ's Technology

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	4.8	4.8	4.8
	2	5	11.9	11.9	16.7
	3	16	38.1	38.1	54.8
	4	7	16.7	16.7	71.4
	5	12	28.6	28.6	100.0
	Total	42	100.0	100.0	

Dependence on HQ's Purchasing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	9.5	9.5	9.5
	2	10	23.8	23.8	33.3
	3	11	26.2	26.2	59.5
	4	11	26.2	26.2	85.7
	5	6	14.3	14.3	100.0
	Total	42	100.0	100.0	

Dependence on HQ's Sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	7.1	7.1	7.1
	2	13	31.0	31.0	38.1
	3	14	33.3	33.3	71.4
	4	6	14.3	14.3	85.7
	5	6	14.3	14.3	100.0
	Total	42	100.0	100.0	

Corporate Strategy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Multi-domestic	10	23.8	24.4	24.4
	Global	20	47.6	48.8	73.2
	Transnational	11	26.2	26.8	100.0
	Total	41	97.6	100.0	
Missing	System	1	2.4		
Total		42	100.0		

Retaining employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	2.4	2.4	2.4
	2	1	2.4	2.4	4.8
	3	4	9.5	9.5	14.3
	4	23	54.8	54.8	69.0
	5	13	31.0	31.0	100.0
Total		42	100.0	100.0	

Task fragmentation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	4.8	4.8	4.8
	2	2	4.8	4.8	9.5
	3	10	23.8	23.8	33.3
	4	18	42.9	42.9	76.2
	5	10	23.8	23.8	100.0
Total		42	100.0	100.0	

Involvement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	3	7.1	7.1	7.1
	3	9	21.4	21.4	28.6
	4	21	50.0	50.0	78.6
	5	9	21.4	21.4	100.0
Total		42	100.0	100.0	

Separation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	4.8	4.8	4.8
	2	7	16.7	16.7	21.4
	3	8	19.0	19.0	40.5
	4	18	42.9	42.9	83.3
	5	7	16.7	16.7	100.0
Total		42	100.0	100.0	

Delegation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	1	2.4	2.4	2.4
2	2	4.8	4.8	7.1
3	12	28.6	28.6	35.7
4	17	40.5	40.5	76.2
5	10	23.8	23.8	100.0
Total	42	100.0	100.0	

Formal control (Strategy)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	2	4.8	4.8	4.8
2	7	16.7	16.7	21.4
3	16	38.1	38.1	59.5
4	15	35.7	35.7	95.2
5	2	4.8	4.8	100.0
Total	42	100.0	100.0	

Formal control (Procedures)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	3	7.1	7.1	7.1
2	3	7.1	7.1	14.3
3	12	28.6	28.6	42.9
4	12	28.6	28.6	71.4
5	12	28.6	28.6	100.0
Total	42	100.0	100.0	

Formal control (Results)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	3	7.1	7.1	7.1
3	9	21.4	21.4	28.6
4	9	21.4	21.4	50.0
5	21	50.0	50.0	100.0
Total	42	100.0	100.0	

Formal control (Plans)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	1	2.4	2.4	2.4
3	11	26.2	26.2	28.6
4	17	40.5	40.5	69.0
5	13	31.0	31.0	100.0
Total	42	100.0	100.0	

Informal control (Training)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	1	2.4	2.4	2.4
2	6	14.3	14.3	16.7
3	10	23.8	23.8	40.5
4	12	28.6	28.6	69.0
5	13	31.0	31.0	100.0
Total	42	100.0	100.0	

Informal control (Culture)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	1	2.4	2.4	2.4
2	4	9.5	9.5	11.9
3	6	14.3	14.3	26.2
4	11	26.2	26.2	52.4
5	20	47.6	47.6	100.0
Total	42	100.0	100.0	

Informal control (Communication)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	2	4.8	4.8	4.8
2	6	14.3	14.3	19.0
3	15	35.7	35.7	54.8
4	11	26.2	26.2	81.0
5	8	19.0	19.0	100.0
Total	42	100.0	100.0	

Managerial Control

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 3	7	16.7	16.7	16.7
4	27	64.3	64.3	81.0
5	8	19.0	19.0	100.0
Total	42	100.0	100.0	

HR manager on Board of Directors

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	12	28.6	28.6	28.6
Yes	30	71.4	71.4	100.0
Total	42	100.0	100.0	

Importance of HRM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	2.4	2.4	2.4
	3	8	19.0	19.0	21.4
	4	18	42.9	42.9	64.3
	5	15	35.7	35.7	100.0
	Total	42	100.0	100.0	

Transfer of HRM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	4.8	4.8	4.8
	3	7	16.7	16.7	21.4
	4	23	54.8	54.8	76.2
	5	10	23.8	23.8	100.0
	Total	42	100.0	100.0	

Recruitment similar to HQ

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	5	11.9	11.9	11.9
	3	9	21.4	21.4	33.3
	4	21	50.0	50.0	83.3
	5	7	16.7	16.7	100.0
	Total	42	100.0	100.0	

Recruitment Local

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	9.5	9.5	9.5
	2	12	28.6	28.6	38.1
	3	9	21.4	21.4	59.5
	4	13	31.0	31.0	90.5
	5	4	9.5	9.5	100.0
	Total	42	100.0	100.0	

Recruitment Adapted

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	19.0	19.0	19.0
	2	5	11.9	11.9	31.0
	3	5	11.9	11.9	42.9
	4	13	31.0	31.0	73.8
	5	11	26.2	26.2	100.0
	Total	42	100.0	100.0	

Recruitment of graduates

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	18	42.9	42.9	42.9
yes	24	57.1	57.1	100.0
Total	42	100.0	100.0	

Internship

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	19	45.2	45.2	45.2
yes	23	54.8	54.8	100.0
Total	42	100.0	100.0	

Expatriates

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid .00	8	19.0	19.0	19.0
.00	2	4.8	4.8	23.8
.02	1	2.4	2.4	26.2
.10	2	4.8	4.8	31.0
.20	1	2.4	2.4	33.3
.40	1	2.4	2.4	35.7
.50	2	4.8	4.8	40.5
.60	1	2.4	2.4	42.9
1.00	5	11.9	11.9	54.8
1.50	1	2.4	2.4	57.1
2.00	1	2.4	2.4	59.5
3.00	2	4.8	4.8	64.3
3.20	1	2.4	2.4	66.7
5.00	1	2.4	2.4	69.0
10.00	3	7.1	7.1	76.2
15.00	1	2.4	2.4	78.6
20.00	1	2.4	2.4	81.0
25.00	1	2.4	2.4	83.3
30.00	2	4.8	4.8	88.1
35.00	1	2.4	2.4	90.5
40.00	1	2.4	2.4	92.9
50.00	1	2.4	2.4	95.2
60.00	2	4.8	4.8	100.0
Total	42	100.0	100.0	

Managers Development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	5	11.9	11.9	11.9
	no	12	28.6	28.6	40.5
	national	2	4.8	4.8	45.2
	international	23	54.8	54.8	100.0
	Total	42	100.0	100.0	

Training similar to HQ

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	7.1	7.1	7.1
	2	7	16.7	16.7	23.8
	3	11	26.2	26.2	50.0
	4	15	35.7	35.7	85.7
	5	6	14.3	14.3	100.0
	Total	42	100.0	100.0	

Training Local

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	9	21.4	21.4	21.4
	2	7	16.7	16.7	38.1
	3	5	11.9	11.9	50.0
	4	14	33.3	33.3	83.3
	5	7	16.7	16.7	100.0
	Total	42	100.0	100.0	

Training Adapted

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	16.7	17.1	17.1
	2	5	11.9	12.2	29.3
	3	7	16.7	17.1	46.3
	4	9	21.4	22.0	68.3
	5	13	31.0	31.7	100.0
	Total	41	97.6	100.0	
Missing	System	1	2.4		
Total		42	100.0		

Appraisal similar to HQ

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	2.4	2.4	2.4
	2	2	4.8	4.8	7.1
	3	7	16.7	16.7	23.8
	4	11	26.2	26.2	50.0
	5	21	50.0	50.0	100.0
	Total	42	100.0	100.0	

Appraisal Local

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	16	38.1	38.1	38.1
	2	5	11.9	11.9	50.0
	3	9	21.4	21.4	71.4
	4	4	9.5	9.5	81.0
	5	8	19.0	19.0	100.0
	Total	42	100.0	100.0	

Appraisal Adapted

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	19.0	19.0	19.0
	2	2	4.8	4.8	23.8
	3	8	19.0	19.0	42.9
	4	5	11.9	11.9	54.8
	5	19	45.2	45.2	100.0
	Total	42	100.0	100.0	

Bonuses similar to HQ

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	7.1	7.1	7.1
	2	1	2.4	2.4	9.5
	3	15	35.7	35.7	45.2
	4	13	31.0	31.0	76.2
	5	10	23.8	23.8	100.0
	Total	42	100.0	100.0	

Bonuses Local

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	10	23.8	23.8	23.8
2	9	21.4	21.4	45.2
3	9	21.4	21.4	66.7
4	6	14.3	14.3	81.0
5	8	19.0	19.0	100.0
Total	42	100.0	100.0	

Bonuses Adapted

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	7	16.7	16.7	16.7
2	4	9.5	9.5	26.2
3	12	28.6	28.6	54.8
4	7	16.7	16.7	71.4
5	12	28.6	28.6	100.0
Total	42	100.0	100.0	

Benefits similar to HQ

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	9	21.4	21.4	21.4
2	11	26.2	26.2	47.6
3	15	35.7	35.7	83.3
4	3	7.1	7.1	90.5
5	4	9.5	9.5	100.0
Total	42	100.0	100.0	

Benefits Local

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	4	9.5	9.5	9.5
2	2	4.8	4.8	14.3
3	11	26.2	26.2	40.5
4	11	26.2	26.2	66.7
5	14	33.3	33.3	100.0
Total	42	100.0	100.0	

```

CROSSTABS
  /TABLES=Greenfield Education Foreignexp StartegyGlobal BoardofDirectorsG
raduates Internships
  ManagerDevelopBY HQR LocalR DiffusedR HQT LocalT DiffusedT HQA LocalA
DiffusedA HQT LocalC
  DiffusedC HQT LocalB DiffusedB
  /FORMAT=AVALUE TABLES
  /STATISTICS=CHISQ
  /CELLS=COUNT
  /COUNT ROUND CELL.

```

Crosstabs

Notes

Output Created		08-DEC-2015 15:31:...
Comments		
Input	Data	/Users/helga_nov/Desktop/PhD/Interview/transcripts/Ukraine/Ukraine_analysis.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	42
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=Greenfield Education Foreignexp StartegyGlobal BoardofDirectors Graduates Internships ManagerDevelop BY HQR LocalR DiffusedR HQT LocalT DiffusedT HQA LocalA DiffusedA HQT LocalC DiffusedC HQT LocalB DiffusedB /FORMAT=AVALUE TABLES /STATISTICS=CHISQ /CELLS=COUNT /COUNT ROUND CELL.
Resources	Processor Time	00:00:00.51
	Elapsed Time	00:00:00.00

Notes

Dimensions Requested	2
Cells Available	524245

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Type of foundation * Recruitment similar to HQ	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Recruitment Local	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Recruitment Adapted	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Training similar to HQ	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Training Local	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Training Adapted	40	95.2%	2	4.8%	42	100.0%
Type of foundation * Appraisal similar to HQ	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Appraisal Local	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Appraisal Adapted	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Bonuses similar to HQ	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Bonuses Local	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Bonuses Adapted	41	97.6%	1	2.4%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Type of foundation * Benefits similar to HQ	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Benefits Local	41	97.6%	1	2.4%	42	100.0%
Type of foundation * Benefits Adapted	40	95.2%	2	4.8%	42	100.0%
Education * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Education * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Education * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Training Local	42	100.0%	0	0.0%	42	100.0%
Education * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Education * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Education * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%
Education * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Education * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Education * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Benefits Local	42	100.0%	0	0.0%	42	100.0%
Education * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Foreign Experience * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Training Local	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Foreign Experience * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Benefits Local	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Foreign Experience * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Recruitment similar to HQ	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Recruitment Local	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Recruitment Adapted	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Training similar to HQ	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Training Local	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Training Adapted	40	95.2%	2	4.8%	42	100.0%
Corporate Strategy * Appraisal similar to HQ	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Appraisal Local	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Appraisal Adapted	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Bonuses similar to HQ	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Bonuses Local	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Bonuses Adapted	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Benefits similar to HQ	41	97.6%	1	2.4%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Corporate Strategy * Benefits Local	41	97.6%	1	2.4%	42	100.0%
Corporate Strategy * Benefits Adapted	40	95.2%	2	4.8%	42	100.0%
HR manager on Board of Directors * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Training Local	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Training Adapted	41	97.6%	1	2.4%	42	100.0%
HR manager on Board of Directors * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
HR manager on Board of Directors * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Benefits Local	42	100.0%	0	0.0%	42	100.0%
HR manager on Board of Directors * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%
Recruitment of graduates * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Training Local	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Recruitment of graduates * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Recruitment of graduates * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Benefits Local	42	100.0%	0	0.0%	42	100.0%
Recruitment of graduates * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%
Internship * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Internship * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Internship * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Internship * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Internship * Training Local	42	100.0%	0	0.0%	42	100.0%
Internship * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Internship * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
Internship * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Internship * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Internship * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
Internship * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Internship * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Internship * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Internship * Benefits Local	42	100.0%	0	0.0%	42	100.0%
Internship * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%
Managers Development * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Managers Development * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Managers Development * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Managers Development * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Managers Development * Training Local	42	100.0%	0	0.0%	42	100.0%
Managers Development * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Managers Development * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
Managers Development * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Managers Development * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%
Managers Development * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Managers Development * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Managers Development * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Managers Development * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Managers Development * Benefits Local	42	100.0%	0	0.0%	42	100.0%
Managers Development * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%

Type of foundation * Recruitment similar to HQ

Crosstab

Count

		Recruitment similar to HQ				Total
		2	3	4	5	
Type of foundation	Brownfield	4	9	17	5	35
	Greenfield	1	0	3	2	6
Total		5	9	20	7	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.749 ^a	3	.432
Likelihood Ratio	3.849	3	.278
Linear-by-Linear Association	.741	1	.389
N of Valid Cases	41		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .73.

Type of foundation * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Type of foundation	Brownfield	3	12	6	10	4	35
	Greenfield	1	0	3	2	0	6
Total		4	12	9	12	4	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.646 ^a	4	.227
Likelihood Ratio	7.368	4	.118
Linear-by-Linear Association	.000	1	1.000
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .59.

Type of foundation * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Type of foundation	Brownfield	7	5	4	9	10	35
	Greenfield	1	0	1	3	1	6
Total		8	5	5	12	11	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.304 ^a	4	.680
Likelihood Ratio	2.907	4	.573
Linear-by-Linear Association	.106	1	.745
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .73.

Type of foundation * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Type of foundation	Brownfield	3	7	8	12	5	35
	Greenfield	0	0	2	3	1	6
Total		3	7	10	15	6	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.310 ^a	4	.679
Likelihood Ratio	3.711	4	.447
Linear-by-Linear Association	1.278	1	.258
N of Valid Cases	41		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .44.

Type of foundation * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Type of foundation	Brownfield	7	7	5	11	5	35
	Greenfield	2	0	0	3	1	6
Total		9	7	5	14	6	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.009 ^a	4	.556
Likelihood Ratio	4.648	4	.325
Linear-by-Linear Association	.070	1	.791
N of Valid Cases	41		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .73.

Type of foundation * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Type of foundation	Brownfield	6	5	6	5	13	35
	Greenfield	1	0	1	3	0	5
Total		7	5	7	8	13	40

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.184 ^a	4	.126
Likelihood Ratio	8.073	4	.089
Linear-by-Linear Association	.078	1	.780
N of Valid Cases	40		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .63.

Type of foundation * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Type of foundation	Brownfield	1	2	7	11	14	35
	Greenfield	0	0	0	0	6	6
Total		1	2	7	11	20	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.380 ^a	4	.117
Likelihood Ratio	9.703	4	.046
Linear-by-Linear Association	4.751	1	.029
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .15.

Type of foundation * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
Type of foundation	Brownfield	12	5	8	4	6	35
	Greenfield	4	0	0	0	2	6
Total		16	5	8	4	8	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.979 ^a	4	.290
Likelihood Ratio	7.145	4	.128
Linear-by-Linear Association	.182	1	.669
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .59.

Type of foundation * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
Type of foundation	Brownfield	6	2	8	5	14	35
	Greenfield	2	0	0	0	4	6
Total		8	2	8	5	18	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.089 ^a	4	.394
Likelihood Ratio	6.071	4	.194
Linear-by-Linear Association	.032	1	.858
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .29.

Type of foundation * Bonuses similar to HQ

Crosstab

Count

		Bonuses similar to HQ					Total
		1	2	3	4	5	
Type of foundation	Brownfield	3	1	15	10	6	35
	Greenfield	0	0	0	2	4	6
Total		3	1	15	12	10	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.447 ^a	4	.077
Likelihood Ratio	9.864	4	.043
Linear-by-Linear Association	6.312	1	.012
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .15.

Type of foundation * Bonuses Local

Crosstab

Count

		Bonuses Local					Total
		1	2	3	4	5	
Type of foundation	Brownfield	9	7	7	6	6	35
	Greenfield	1	2	1	0	2	6
Total		10	9	8	6	8	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.333 ^a	4	.675
Likelihood Ratio	3.075	4	.545
Linear-by-Linear Association	.096	1	.757
N of Valid Cases	41		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .88.

Type of foundation * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Type of foundation	Brownfield	6	3	11	6	9	35
	Greenfield	1	1	1	0	3	6
Total		7	4	12	6	12	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.787 ^a	4	.594
Likelihood Ratio	3.517	4	.475
Linear-by-Linear Association	.146	1	.702
N of Valid Cases	41		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .59.

Type of foundation * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
Type of foundation	Brownfield	7	9	13	3	3	35
	Greenfield	2	2	1	0	1	6
Total		9	11	14	3	4	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.013 ^a	4	.733
Likelihood Ratio	2.468	4	.650
Linear-by-Linear Association	.251	1	.617
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .44.

Type of foundation * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Type of foundation	Brownfield	3	1	10	9	12	35
	Greenfield	1	1	1	1	2	6
Total		4	2	11	10	14	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.790 ^a	4	.594
Likelihood Ratio	2.179	4	.703
Linear-by-Linear Association	.530	1	.467
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .29.

Type of foundation * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Type of foundation	Brownfield	5	5	10	8	6	34
	Greenfield	1	0	1	1	3	6
Total		6	5	11	9	9	40

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.676 ^a	4	.452
Likelihood Ratio	3.972	4	.410
Linear-by-Linear Association	1.310	1	.252
N of Valid Cases	40		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .75.

Education * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
Education	State	5	6	15	4	30
	International	0	3	6	3	12
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.800 ^a	3	.423
Likelihood Ratio	4.109	3	.250
Linear-by-Linear Association	1.726	1	.189
N of Valid Cases	42		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.43.

Education * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Education	State	2	6	7	11	4	30
	International	2	6	2	2	0	12
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.485 ^a	4	.166
Likelihood Ratio	7.377	4	.117
Linear-by-Linear Association	5.764	1	.016
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

Education * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Education	State	8	3	5	9	5	30
	International	0	2	0	4	6	12
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.187 ^a	4	.057
Likelihood Ratio	12.318	4	.015
Linear-by-Linear Association	5.354	1	.021
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.43.

Education * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Education	State	3	6	9	9	3	30
	International	0	1	2	6	3	12
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.792 ^a	4	.309
Likelihood Ratio	5.574	4	.233
Linear-by-Linear Association	4.395	1	.036
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

Education * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Education	State	7	0	4	12	7	30
	International	2	7	1	2	0	12
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	22.058 ^a	4	.000
Likelihood Ratio	24.233	4	.000
Linear-by-Linear Association	5.482	1	.019
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.43.

Education * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Education	State	6	4	7	7	5	29
	International	1	1	0	2	8	12
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.618 ^a	4	.031
Likelihood Ratio	11.968	4	.018
Linear-by-Linear Association	5.716	1	.017
N of Valid Cases	41		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is 1.46.

Education * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Education	State	1	2	6	5	16	30
	International	0	0	1	6	5	12
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.770 ^a	4	.217
Likelihood Ratio	6.302	4	.178
Linear-by-Linear Association	.437	1	.509
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .29.

Education * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
Education	State	11	2	7	3	7	30
	International	5	3	2	1	1	12
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.692 ^a	4	.449
Likelihood Ratio	3.588	4	.465
Linear-by-Linear Association	1.289	1	.256
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

Education * Appraisal Adapted

Crosstab

Count

		Appraisal Adapted					Total
		1	2	3	4	5	
Education	State	7	2	6	3	12	30
	International	1	0	2	2	7	12
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.819 ^a	4	.588
Likelihood Ratio	3.491	4	.479
Linear-by-Linear Association	2.246	1	.134
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .57.

Education * Bonuses similar to HQ

Crosstab

Count

		Bonuses similar to HQ					Total
		1	2	3	4	5	
Education	State	2	1	11	8	8	30
	International	1	0	4	5	2	12
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.443 ^a	4	.837
Likelihood Ratio	1.707	4	.789
Linear-by-Linear Association	.018	1	.894
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .29.

Education * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
Education	State	7	6	5	5	7	30
	International	3	3	4	1	1	12
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.650 ^a	4	.618
Likelihood Ratio	2.780	4	.595
Linear-by-Linear Association	.892	1	.345
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.71.

Education * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Education	State	6	4	11	2	7	30
	International	1	0	1	5	5	12
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.017 ^a	4	.017
Likelihood Ratio	12.953	4	.012
Linear-by-Linear Association	4.971	1	.026
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.14.

Education * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
Education	State	8	7	12	0	3	30
	International	1	4	3	3	1	12
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.737 ^a	4	.045
Likelihood Ratio	10.044	4	.040
Linear-by-Linear Association	1.409	1	.235
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

Education * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Education	State	3	1	8	9	9	30
	International	1	1	3	2	5	12
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.416 ^a	4	.841
Likelihood Ratio	1.412	4	.842
Linear-by-Linear Association	.038	1	.846
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .57.

Education * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Education	State	4	3	12	6	4	29
	International	2	2	0	3	5	12
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.368 ^a	4	.079
Likelihood Ratio	11.381	4	.023
Linear-by-Linear Association	1.093	1	.296
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.46.

Foreign Experience * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
Foreign Experience	no	4	8	13	5	30
	yes	1	1	8	2	12
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.458 ^a	3	.483
Likelihood Ratio	2.686	3	.443
Linear-by-Linear Association	.866	1	.352
N of Valid Cases	42		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.43.

Foreign Experience * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Foreign Experience	no	3	8	6	9	4	30
	yes	1	4	3	4	0	12
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.889 ^a	4	.756
Likelihood Ratio	2.974	4	.562
Linear-by-Linear Association	.439	1	.508
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

Foreign Experience * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	7	5	4	9	5	30
	yes	1	0	1	4	6	12
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.860 ^a	4	.143
Likelihood Ratio	8.016	4	.091
Linear-by-Linear Association	5.354	1	.021
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.43.

Foreign Experience * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Foreign Experience	no	3	6	8	9	4	30
	yes	0	1	3	6	2	12
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.936 ^a	4	.569
Likelihood Ratio	3.794	4	.435
Linear-by-Linear Association	2.242	1	.134
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

Foreign Experience * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Foreign Experience	no	7	4	3	10	6	30
	yes	2	3	2	4	1	12
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.898 ^a	4	.755
Likelihood Ratio	1.936	4	.748
Linear-by-Linear Association	.195	1	.659
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.43.

Foreign Experience * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	7	4	6	5	7	29
	yes	0	1	1	4	6	12
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.655 ^a	4	.155
Likelihood Ratio	8.516	4	.074
Linear-by-Linear Association	5.716	1	.017
N of Valid Cases	41		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is 1.46.

Foreign Experience * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Foreign Experience	no	1	1	6	5	17	30
	yes	0	1	1	6	4	12
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.120 ^a	4	.190
Likelihood Ratio	6.132	4	.190
Linear-by-Linear Association	.109	1	.741
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .29.

Foreign Experience * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
Foreign Experience	no	13	1	6	2	8	30
	yes	3	4	3	2	0	12
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.436 ^a	4	.022
Likelihood Ratio	12.806	4	.012
Linear-by-Linear Association	.482	1	.488
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

Foreign Experience * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	7	2	6	4	11	30
	yes	1	0	2	1	8	12
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.748 ^a	4	.441
Likelihood Ratio	4.361	4	.359
Linear-by-Linear Association	2.949	1	.086
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .57.

Foreign Experience * Bonuses similar to HQ

Crosstab

Count		Bonuses similar to HQ					Total
		1	2	3	4	5	
Foreign Experience	no	3	1	12	7	7	30
	yes	0	0	3	6	3	12
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.119 ^a	4	.390
Likelihood Ratio	5.080	4	.279
Linear-by-Linear Association	2.003	1	.157
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .29.

Foreign Experience * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
Foreign Experience	no	7	7	4	6	6	30
	yes	3	2	5	0	2	12
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.849 ^a	4	.211
Likelihood Ratio	7.140	4	.129
Linear-by-Linear Association	.223	1	.637
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.71.

Foreign Experience * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	6	4	11	2	7	30
	yes	1	0	1	5	5	12
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.017 ^a	4	.017
Likelihood Ratio	12.953	4	.012
Linear-by-Linear Association	4.971	1	.026
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.14.

Foreign Experience * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
Foreign Experience	no	7	8	12	1	2	30
	yes	2	3	3	2	2	12
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.760 ^a	4	.439
Likelihood Ratio	3.453	4	.485
Linear-by-Linear Association	1.409	1	.235
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

Foreign Experience * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Foreign Experience	no	2	2	10	7	9	30
	yes	2	0	1	4	5	12
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.423 ^a	4	.352
Likelihood Ratio	5.338	4	.254
Linear-by-Linear Association	.216	1	.642
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .57.

Foreign Experience * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	4	5	9	8	3	29
	yes	2	0	3	1	6	12
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.736 ^a	4	.045
Likelihood Ratio	10.702	4	.030
Linear-by-Linear Association	2.429	1	.119
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.46.

Corporate Strategy * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
Corporate Strategy	Multi-domestic	0	2	5	3	10
	Global	2	4	11	3	20
	Transnational	3	3	4	1	11
Total		5	9	20	7	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.492 ^a	6	.482
Likelihood Ratio	6.102	6	.412
Linear-by-Linear Association	4.450	1	.035
N of Valid Cases	41		

a. 10 cells (83.3%) have expected count less than 5. The minimum expected count is 1.22.

Corporate Strategy * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	1	4	1	1	3	10
	Global	2	6	6	6	0	20
	Transnational	1	2	2	5	1	11
Total		4	12	9	12	4	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.592 ^a	8	.226
Likelihood Ratio	11.469	8	.176
Linear-by-Linear Association	.136	1	.712
N of Valid Cases	41		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .98.

Corporate Strategy * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	2	1	3	0	4	10
	Global	3	3	2	7	5	20
	Transnational	3	1	0	5	2	11
Total		8	5	5	12	11	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.939 ^a	8	.269
Likelihood Ratio	13.233	8	.104
Linear-by-Linear Association	.037	1	.847
N of Valid Cases	41		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is 1.22.

Corporate Strategy * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	2	3	2	2	1	10
	Global	0	2	4	10	4	20
	Transnational	1	1	5	3	1	11
Total		3	6	11	15	6	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.558 ^a	8	.228
Likelihood Ratio	10.890	8	.208
Linear-by-Linear Association	.795	1	.373
N of Valid Cases	41		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .73.

Corporate Strategy * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	2	1	1	4	2	10
	Global	6	6	2	3	3	20
	Transnational	1	0	2	6	2	11
Total		9	7	5	13	7	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.902 ^a	8	.272
Likelihood Ratio	11.700	8	.165
Linear-by-Linear Association	.557	1	.455
N of Valid Cases	41		

a. 14 cells (93.3%) have expected count less than 5. The minimum expected count is 1.22.

Corporate Strategy * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	2	0	3	0	5	10
	Global	1	2	3	6	7	19
	Transnational	4	2	1	3	1	11
Total		7	4	7	9	13	40

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.974 ^a	8	.113
Likelihood Ratio	16.623	8	.034
Linear-by-Linear Association	2.830	1	.093
N of Valid Cases	40		

a. 14 cells (93.3%) have expected count less than 5. The minimum expected count is 1.00.

Corporate Strategy * Appraisal similar to HQ

Crosstab

Count

		Appraisal similar to HQ					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	0	1	3	3	3	10
	Global	0	0	1	6	13	20
	Transnational	1	1	3	1	5	11
Total		1	2	7	10	21	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.132 ^a	8	.194
Likelihood Ratio	12.592	8	.127
Linear-by-Linear Association	.060	1	.807
N of Valid Cases	41		

a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is .24.

Corporate Strategy * Appraisal Local

Crosstab

Count

		Appraisal Local					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	2	2	4	1	1	10
	Global	9	2	4	1	4	20
	Transnational	5	0	1	2	3	11
Total		16	4	9	4	8	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.795 ^a	8	.454
Likelihood Ratio	8.751	8	.364
Linear-by-Linear Association	.038	1	.846
N of Valid Cases	41		

a. 14 cells (93.3%) have expected count less than 5. The minimum expected count is .98.

Corporate Strategy * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	1	1	3	0	5	10
	Global	3	0	4	3	10	20
	Transnational	4	1	1	1	4	11
Total		8	2	8	4	19	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.233 ^a	8	.512
Likelihood Ratio	8.777	8	.361
Linear-by-Linear Association	1.098	1	.295
N of Valid Cases	41		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .49.

Corporate Strategy * Bonuses similar to HQ

Crosstab

Count		Bonuses similar to HQ					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	1	0	4	2	3	10
	Global	0	0	4	11	5	20
	Transnational	1	1	7	0	2	11
Total		2	1	15	13	10	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.025 ^a	8	.042
Likelihood Ratio	19.532	8	.012
Linear-by-Linear Association	1.436	1	.231
N of Valid Cases	41		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .24.

Corporate Strategy * Bonuses Local

Crosstab

Count

		Bonuses Local					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	5	1	2	2	0	10
	Global	3	7	6	2	2	20
	Transnational	2	1	1	2	5	11
Total		10	9	9	6	7	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.121 ^a	8	.041
Likelihood Ratio	16.142	8	.040
Linear-by-Linear Association	6.192	1	.013
N of Valid Cases	41		

a. 15 cells (100.0%) have expected count less than 5. The minimum expected count is 1.46.

Corporate Strategy * Bonuses Adapted

Crosstab

Count

		Bonuses Adapted					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	1	1	4	1	3	10
	Global	2	2	5	5	6	20
	Transnational	3	1	3	1	3	11
Total		6	4	12	7	12	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.641 ^a	8	.888
Likelihood Ratio	3.461	8	.902
Linear-by-Linear Association	.469	1	.493
N of Valid Cases	41		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .98.

Corporate Strategy * Benefits similar to HQ

Crosstab

Count

		Benefits similar to HQ					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	2	3	3	0	2	10
	Global	2	6	9	2	1	20
	Transnational	4	2	3	1	1	11
Total		8	11	15	3	4	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.235 ^a	8	.621
Likelihood Ratio	6.709	8	.568
Linear-by-Linear Association	.446	1	.504
N of Valid Cases	41		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .73.

Corporate Strategy * Benefits Local

Crosstab

Count

		Benefits Local					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	2	0	2	4	2	10
	Global	1	2	8	6	3	20
	Transnational	1	0	1	1	8	11
Total		4	2	11	11	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.443 ^a	8	.036
Likelihood Ratio	16.635	8	.034
Linear-by-Linear Association	3.226	1	.072
N of Valid Cases	41		

a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is .49.

Corporate Strategy * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Corporate Strategy	Multi-domestic	1	1	5	0	3	10
	Global	1	2	4	8	4	19
	Transnational	4	1	3	1	2	11
Total		6	4	12	9	9	40

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.330 ^a	8	.101
Likelihood Ratio	14.452	8	.071
Linear-by-Linear Association	1.406	1	.236
N of Valid Cases	40		

a. 14 cells (93.3%) have expected count less than 5. The minimum expected count is 1.00.

HR manager on Board of Directors * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
HR manager on Board of Directors	No	2	2	6	2	12
	Yes	3	7	15	5	30
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.498 ^a	3	.919
Likelihood Ratio	.487	3	.922
Linear-by-Linear Association	.048	1	.827
N of Valid Cases	42		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.43.

HR manager on Board of Directors * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	0	4	1	5	2	12
	Yes	4	8	8	8	2	30
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.601 ^a	4	.331
Likelihood Ratio	5.831	4	.212
Linear-by-Linear Association	1.866	1	.172
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

HR manager on Board of Directors * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	1	2	1	3	5	12
	Yes	7	3	4	10	6	30
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.241 ^a	4	.518
Likelihood Ratio	3.289	4	.511
Linear-by-Linear Association	1.339	1	.247
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.43.

HR manager on Board of Directors * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	2	0	4	5	1	12
	Yes	1	7	7	10	5	30
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.844 ^a	4	.211
Likelihood Ratio	7.513	4	.111
Linear-by-Linear Association	.090	1	.765
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

HR manager on Board of Directors * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	1	2	1	6	2	12
	Yes	8	5	4	8	5	30
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.924 ^a	4	.571
Likelihood Ratio	3.099	4	.541
Linear-by-Linear Association	1.492	1	.222
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.43.

HR manager on Board of Directors * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	2	1	1	3	5	12
	Yes	5	4	6	6	8	29
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.571 ^a	4	.814
Likelihood Ratio	1.670	4	.796
Linear-by-Linear Association	.591	1	.442
N of Valid Cases	41		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is 1.46.

HR manager on Board of Directors * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	1	0	1	5	5	12
	Yes	0	2	6	6	16	30
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.770 ^a	4	.217
Likelihood Ratio	6.302	4	.178
Linear-by-Linear Association	.109	1	.741
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .29.

HR manager on Board of Directors * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	3	2	2	3	2	12
	Yes	13	3	7	1	6	30
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.529 ^a	4	.237
Likelihood Ratio	5.051	4	.282
Linear-by-Linear Association	.725	1	.394
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

HR manager on Board of Directors * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	2	2	1	0	7	12
	Yes	6	0	7	5	12	30
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.699 ^a	4	.069
Likelihood Ratio	10.221	4	.037
Linear-by-Linear Association	.035	1	.851
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .57.

HR manager on Board of Directors * Bonuses similar to HQ

Crosstab

Count		Bonuses similar to HQ					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	0	1	7	4	0	12
	Yes	3	0	8	9	10	30
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.137 ^a	4	.038
Likelihood Ratio	13.479	4	.009
Linear-by-Linear Association	1.880	1	.170
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .29.

HR manager on Board of Directors * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	0	2	4	4	2	12
	Yes	10	7	5	2	6	30
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.606 ^a	4	.048
Likelihood Ratio	11.719	4	.020
Linear-by-Linear Association	3.567	1	.059
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.71.

HR manager on Board of Directors * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	0	2	3	2	5	12
	Yes	7	2	9	5	7	30
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.783 ^a	4	.310
Likelihood Ratio	6.537	4	.162
Linear-by-Linear Association	2.278	1	.131
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.14.

HR manager on Board of Directors * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	2	3	6	1	0	12
	Yes	7	8	9	2	4	30
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.780 ^a	4	.595
Likelihood Ratio	3.820	4	.431
Linear-by-Linear Association	.060	1	.806
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

HR manager on Board of Directors * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	0	0	2	5	5	12
	Yes	4	2	9	6	9	30
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.868 ^a	4	.301
Likelihood Ratio	6.416	4	.170
Linear-by-Linear Association	3.319	1	.068
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .57.

HR manager on Board of Directors * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
HR manager on Board of Directors	No	1	1	5	1	4	12
	Yes	5	4	7	8	5	29
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.993 ^a	4	.407
Likelihood Ratio	4.216	4	.378
Linear-by-Linear Association	.622	1	.430
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.46.

Recruitment of graduates * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
Recruitment of graduates	no	3	4	9	2	18
	yes	2	5	12	5	24
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.193 ^a	3	.755
Likelihood Ratio	1.211	3	.750
Linear-by-Linear Association	.999	1	.318
N of Valid Cases	42		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is 2.14.

Recruitment of graduates * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Recruitment of graduates	no	0	6	2	8	2	18
	yes	4	6	7	5	2	24
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.751 ^a	4	.150
Likelihood Ratio	8.326	4	.080
Linear-by-Linear Association	2.172	1	.141
N of Valid Cases	42		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is 1.71.

Recruitment of graduates * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Recruitment of graduates	no	5	4	2	3	4	18
	yes	3	1	3	10	7	24
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.360 ^a	4	.174
Likelihood Ratio	6.579	4	.160
Linear-by-Linear Association	3.614	1	.057
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 2.14.

Recruitment of graduates * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Recruitment of graduates	no	2	2	5	7	2	18
	yes	1	5	6	8	4	24
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.619 ^a	4	.805
Likelihood Ratio	1.645	4	.801
Linear-by-Linear Association	.075	1	.785
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.29.

Recruitment of graduates * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Recruitment of graduates	no	2	4	3	5	4	18
	yes	7	3	2	9	3	24
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.623 ^a	4	.459
Likelihood Ratio	3.729	4	.444
Linear-by-Linear Association	.649	1	.421
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 2.14.

Recruitment of graduates * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Recruitment of graduates	no	2	2	5	3	6	18
	yes	5	3	2	6	7	23
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.287 ^a	4	.511
Likelihood Ratio	3.343	4	.502
Linear-by-Linear Association	.176	1	.675
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 2.20.

Recruitment of graduates * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Recruitment of graduates	no	1	1	2	6	8	18
	yes	0	1	5	5	13	24
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.766 ^a	4	.598
Likelihood Ratio	3.148	4	.533
Linear-by-Linear Association	.364	1	.546
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .43.

Recruitment of graduates * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
Recruitment of graduates	no	4	2	7	1	4	18
	yes	12	3	2	3	4	24
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.269 ^a	4	.122
Likelihood Ratio	7.516	4	.111
Linear-by-Linear Association	1.605	1	.205
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.71.

Recruitment of graduates * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
Recruitment of graduates	no	1	1	6	0	10	18
	yes	7	1	2	5	9	24
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.918 ^a	4	.027
Likelihood Ratio	13.279	4	.010
Linear-by-Linear Association	1.573	1	.210
N of Valid Cases	42		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is .86.

Recruitment of graduates * Bonuses similar to HQ

Crosstab

Count		Bonuses similar to HQ					Total
		1	2	3	4	5	
Recruitment of graduates	no	2	1	5	8	2	18
	yes	1	0	10	5	8	24
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.569 ^a	4	.160
Likelihood Ratio	7.118	4	.130
Linear-by-Linear Association	1.371	1	.242
N of Valid Cases	42		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .43.

Recruitment of graduates * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
Recruitment of graduates	no	5	5	5	3	0	18
	yes	5	4	4	3	8	24
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.519 ^a	4	.111
Likelihood Ratio	10.453	4	.033
Linear-by-Linear Association	3.762	1	.052
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 2.57.

Recruitment of graduates * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Recruitment of graduates	no	1	1	7	4	5	18
	yes	6	3	5	3	7	24
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.618 ^a	4	.329
Likelihood Ratio	4.962	4	.291
Linear-by-Linear Association	1.416	1	.234
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.71.

Recruitment of graduates * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
Recruitment of graduates	no	4	5	4	3	2	18
	yes	5	6	11	0	2	24
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.728 ^a	4	.220
Likelihood Ratio	6.898	4	.141
Linear-by-Linear Association	.201	1	.654
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.29.

Recruitment of graduates * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Recruitment of graduates	no	2	1	5	5	5	18
	yes	2	1	6	6	9	24
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.477 ^a	4	.976
Likelihood Ratio	.481	4	.975
Linear-by-Linear Association	.362	1	.547
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .86.

Recruitment of graduates * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Recruitment of graduates	no	3	2	4	4	4	17
	yes	3	3	8	5	5	24
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.577 ^a	4	.966
Likelihood Ratio	.582	4	.965
Linear-by-Linear Association	.001	1	.972
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 2.07.

Internship * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
Internship	no	2	4	11	2	19
	yes	3	5	10	5	23
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.275 ^a	3	.735
Likelihood Ratio	1.307	3	.727
Linear-by-Linear Association	.040	1	.842
N of Valid Cases	42		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is 2.26.

Internship * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Internship	no	1	7	3	6	2	19
	yes	3	5	6	7	2	23
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.048 ^a	4	.727
Likelihood Ratio	2.096	4	.718
Linear-by-Linear Association	.021	1	.885
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.81.

Internship * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Internship	no	5	2	3	4	5	19
	yes	3	3	2	9	6	23
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.556 ^a	4	.635
Likelihood Ratio	2.591	4	.628
Linear-by-Linear Association	.828	1	.363
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 2.26.

Internship * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Internship	no	2	3	5	7	2	19
	yes	1	4	6	8	4	23
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.928 ^a	4	.921
Likelihood Ratio	.939	4	.919
Linear-by-Linear Association	.402	1	.526
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.36.

Internship * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Internship	no	5	1	2	7	4	19
	yes	4	6	3	7	3	23
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.678 ^a	4	.451
Likelihood Ratio	4.037	4	.401
Linear-by-Linear Association	.325	1	.569
N of Valid Cases	42		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is 2.26.

Internship * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Internship	no	3	0	5	4	7	19
	yes	4	5	2	5	6	22
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.432 ^a	4	.169
Likelihood Ratio	8.372	4	.079
Linear-by-Linear Association	.940	1	.332
N of Valid Cases	41		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is 2.32.

Internship * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Internship	no	1	1	3	4	10	19
	yes	0	1	4	7	11	23
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.643 ^a	4	.801
Likelihood Ratio	2.024	4	.731
Linear-by-Linear Association	.122	1	.726
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .45.

Internship * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
Internship	no	7	0	6	1	5	19
	yes	9	5	3	3	3	23
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.436 ^a	4	.115
Likelihood Ratio	9.372	4	.052
Linear-by-Linear Association	.884	1	.347
N of Valid Cases	42		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is 1.81.

Internship * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
Internship	no	1	0	4	2	12	19
	yes	7	2	4	3	7	23
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.705 ^a	4	.103
Likelihood Ratio	8.986	4	.061
Linear-by-Linear Association	6.339	1	.012
N of Valid Cases	42		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is .90.

Internship * Bonuses similar to HQ

Crosstab

Count		Bonuses similar to HQ					Total
		1	2	3	4	5	
Internship	no	2	0	7	7	3	19
	yes	1	1	8	6	7	23
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.721 ^a	4	.606
Likelihood Ratio	3.134	4	.536
Linear-by-Linear Association	.602	1	.438
N of Valid Cases	42		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .45.

Internship * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
Internship	no	6	5	3	3	2	19
	yes	4	4	6	3	6	23
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.159 ^a	4	.532
Likelihood Ratio	3.245	4	.518
Linear-by-Linear Association	2.144	1	.143
N of Valid Cases	42		

a. 9 cells (90.0%) have expected count less than 5. The minimum expected count is 2.71.

Internship * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Internship	no	1	2	6	4	6	19
	yes	6	2	6	3	6	23
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.364 ^a	4	.499
Likelihood Ratio	3.724	4	.445
Linear-by-Linear Association	1.778	1	.182
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.81.

Internship * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
Internship	no	4	4	8	0	3	19
	yes	5	7	7	3	1	23
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.657 ^a	4	.324
Likelihood Ratio	5.831	4	.212
Linear-by-Linear Association	.310	1	.577
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.36.

Internship * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Internship	no	3	0	6	6	4	19
	yes	1	2	5	5	10	23
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.421 ^a	4	.247
Likelihood Ratio	6.276	4	.179
Linear-by-Linear Association	1.589	1	.207
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .90.

Internship * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Internship	no	4	1	6	4	3	18
	yes	2	4	6	5	6	23
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.013 ^a	4	.556
Likelihood Ratio	3.127	4	.537
Linear-by-Linear Association	.636	1	.425
N of Valid Cases	41		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 2.20.

Managers Development * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
Managers Development	0	1	0	3	1	5
	no	1	5	5	1	12
	national	0	2	0	0	2
	international	3	2	13	5	23
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.218 ^a	9	.115
Likelihood Ratio	14.170	9	.116
Linear-by-Linear Association	.640	1	.424
N of Valid Cases	42		

a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is .24.

Managers Development * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Managers Development	0	0	2	1	0	2	5
	no	2	2	2	5	1	12
	national	0	0	1	1	0	2
	international	2	8	5	7	1	23
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.887 ^a	12	.455
Likelihood Ratio	12.508	12	.406
Linear-by-Linear Association	.843	1	.359
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .19.

Managers Development * Recruitment Adapted

Crosstab

Count

		Recruitment Adapted					Total
		1	2	3	4	5	
Managers Development	0	2	0	2	0	1	5
	no	1	1	0	6	4	12
	national	1	0	1	0	0	2
	international	4	4	2	7	6	23
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.245 ^a	12	.180
Likelihood Ratio	18.158	12	.111
Linear-by-Linear Association	.001	1	.976
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .24.

Managers Development * Training similar to HQ

Crosstab

Count

		Training similar to HQ					Total
		1	2	3	4	5	
Managers Development	0	2	2	0	1	0	5
	no	0	2	2	6	2	12
	national	0	2	0	0	0	2
	international	1	1	9	8	4	23
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	27.543 ^a	12	.006
Likelihood Ratio	23.944	12	.021
Linear-by-Linear Association	3.008	1	.083
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .14.

Managers Development * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Managers Development	0	0	1	0	2	2	5
	no	3	2	3	3	1	12
	national	1	0	0	0	1	2
	international	5	4	2	9	3	23
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.904 ^a	12	.624
Likelihood Ratio	11.395	12	.495
Linear-by-Linear Association	.324	1	.569
N of Valid Cases	42		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .24.

Managers Development * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Managers Development	0	1	0	2	0	2	5
	no	1	2	1	2	6	12
	national	2	0	0	0	0	2
	international	3	3	4	7	5	22
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.525 ^a	12	.131
Likelihood Ratio	16.159	12	.184
Linear-by-Linear Association	.304	1	.581
N of Valid Cases	41		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .24.

Managers Development * Appraisal similar to HQ

Crosstab

Count

		Appraisal similar to HQ					Total
		1	2	3	4	5	
Managers Development	0	1	1	2	0	1	5
	no	0	0	3	5	4	12
	national	0	0	1	0	1	2
	international	0	1	1	6	15	23
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	21.637 ^a	12	.042
Likelihood Ratio	19.879	12	.069
Linear-by-Linear Association	8.870	1	.003
N of Valid Cases	42		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .05.

Managers Development * Appraisal Local

Crosstab

Count

		Appraisal Local					Total
		1	2	3	4	5	
Managers Development	0	0	1	2	0	2	5
	no	5	2	3	1	1	12
	national	1	0	0	0	1	2
	international	10	2	4	3	4	23
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.513 ^a	12	.744
Likelihood Ratio	11.099	12	.520
Linear-by-Linear Association	.438	1	.508
N of Valid Cases	42		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .19.

Managers Development * Appraisal Adapted

Crosstab

Count

		Appraisal Adapted					Total
		1	2	3	4	5	
Managers Development	0	1	0	2	0	2	5
	no	1	1	3	2	5	12
	national	1	0	0	1	0	2
	international	5	1	3	2	12	23
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.348 ^a	12	.673
Likelihood Ratio	10.029	12	.613
Linear-by-Linear Association	.015	1	.904
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .10.

Managers Development * Bonuses similar to HQ

Crosstab

Count

		Bonuses similar to HQ					Total
		1	2	3	4	5	
Managers Development	0	1	0	1	1	2	5
	no	0	1	6	2	3	12
	national	0	0	1	1	0	2
	international	2	0	7	9	5	23
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.852 ^a	12	.716
Likelihood Ratio	9.951	12	.620
Linear-by-Linear Association	.028	1	.866
N of Valid Cases	42		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .05.

Managers Development * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
Managers Development	0	3	2	0	0	0	5
	no	3	1	4	3	1	12
	national	0	1	0	0	1	2
	international	4	5	5	3	6	23
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.723 ^a	12	.319
Likelihood Ratio	16.313	12	.177
Linear-by-Linear Association	3.534	1	.060
N of Valid Cases	42		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .29.

Managers Development * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Managers Development	0	1	1	2	0	1	5
	no	1	0	4	4	3	12
	national	1	1	0	0	0	2
	international	4	2	6	3	8	23
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.407 ^a	12	.414
Likelihood Ratio	13.147	12	.358
Linear-by-Linear Association	.065	1	.799
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .19.

Managers Development * Benefits similar to HQ

Crosstab

Count

		Benefits similar to HQ					Total
		1	2	3	4	5	
Managers Development	0	2	1	0	0	2	5
	no	0	4	5	2	1	12
	national	0	1	1	0	0	2
	international	7	5	9	1	1	23
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.690 ^a	12	.206
Likelihood Ratio	18.389	12	.104
Linear-by-Linear Association	2.357	1	.125
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .14.

Managers Development * Benefits Local

Crosstab

Count

		Benefits Local					Total
		1	2	3	4	5	
Managers Development	0	2	0	0	0	3	5
	no	1	0	3	5	3	12
	national	0	0	1	0	1	2
	international	1	2	7	6	7	23
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.763 ^a	12	.316
Likelihood Ratio	15.364	12	.222
Linear-by-Linear Association	.061	1	.805
N of Valid Cases	42		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .10.

Managers Development * Benefits Adapted

Crosstab

Count

		Benefits Adapted					Total
		1	2	3	4	5	
Managers Development	0	2	0	2	0	1	5
	no	1	0	4	4	3	12
	national	0	1	1	0	0	2
	international	3	4	5	5	5	22
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.530 ^a	12	.484
Likelihood Ratio	13.952	12	.304
Linear-by-Linear Association	.010	1	.919
N of Valid Cases	41		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .24.

```

CROSSTABS
  /TABLES=HRMimportanceHRMtransfer BY HQR LocalR DiffusedR HQT LocalT Diff
usedT HQA LocalA
  DiffusedA HQC LocalC DiffusedC HQB LocalB DiffusedB Graduates Internshi
ps ManagerDevelop
  /FORMAT=AVALUE TABLES
  /STATISTICS=CHISQ
  /CELLS=COUNT
  /COUNT ROUND CELL.

```

Crosstabs

Notes

Output Created		09-DEC-2015 08:40:...
Comments		
Input	Data	/Users/helga_nov/Desktop/PhD/Interview/transcripts/Ukraine/Ukraine_analysis.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	42
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=HRMimportance HRMtransfer BY HQR LocalR DiffusedR HQT LocalT DiffusedT HQA LocalA DiffusedA HQC LocalC DiffusedC HQB LocalB DiffusedB Graduates Internships ManagerDevelop /FORMAT=AVALUE TABLES /STATISTICS=CHISQ /CELLS=COUNT /COUNT ROUND CELL.
Resources	Processor Time	00:00:00.19
	Elapsed Time	00:00:00.00
	Dimensions Requested	2
	Cells Available	524245

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Importance of HRM * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Training Local	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Importance of HRM * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Benefits Local	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%
Importance of HRM * Recruitment of graduates	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Importance of HRM * Internship	42	100.0%	0	0.0%	42	100.0%
Importance of HRM * Managers Development	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Training Local	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Transfer of HRM * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Benefits Local	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%
Transfer of HRM * Recruitment of graduates	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Transfer of HRM * Internship	42	100.0%	0	0.0%	42	100.0%
Transfer of HRM * Managers Development	42	100.0%	0	0.0%	42	100.0%

Importance of HRM * Recruitment similar to HQ

Crosstab

Count

		Recruitment similar to HQ				Total
		2	3	4	5	
Importance of HRM	2	0	1	0	0	1
	3	2	0	6	0	8
	4	1	5	10	2	18
	5	2	3	5	5	15
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.633 ^a	9	.136
Likelihood Ratio	15.387	9	.081
Linear-by-Linear Association	1.405	1	.236
N of Valid Cases	42		

a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is .12.

Importance of HRM * Recruitment Local

Crosstab

Count

		Recruitment Local					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	1	0	1
	3	0	4	0	2	2	8
	4	2	4	4	7	1	18
	5	2	4	5	3	1	15
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.017 ^a	12	.528
Likelihood Ratio	12.722	12	.390
Linear-by-Linear Association	1.381	1	.240
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .10.

Importance of HRM * Recruitment Adapted

Crosstab

Count

		Recruitment Adapted					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	0	1	1
	3	1	2	2	2	1	8
	4	6	1	1	3	7	18
	5	1	2	2	8	2	15
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.043 ^a	12	.189
Likelihood Ratio	15.738	12	.204
Linear-by-Linear Association	.095	1	.758
N of Valid Cases	42		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .12.

Importance of HRM * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	1	0	1
	3	1	2	3	2	0	8
	4	0	3	4	7	4	18
	5	2	2	4	5	2	15
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.423 ^a	12	.828
Likelihood Ratio	9.722	12	.640
Linear-by-Linear Association	.052	1	.820
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .07.

Importance of HRM * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Importance of HRM	2	0	1	0	0	0	1
	3	0	0	1	6	1	8
	4	7	2	2	3	4	18
	5	2	4	2	5	2	15
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.521 ^a	12	.101
Likelihood Ratio	18.848	12	.092
Linear-by-Linear Association	.526	1	.468
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .12.

Importance of HRM * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	0	1	1
	3	2	1	3	2	0	8
	4	4	3	3	2	6	18
	5	1	1	1	5	6	14
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.197 ^a	12	.430
Likelihood Ratio	14.756	12	.255
Linear-by-Linear Association	2.329	1	.127
N of Valid Cases	41		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .12.

Importance of HRM * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	1	0	1
	3	1	0	2	2	3	8
	4	0	1	2	6	9	18
	5	0	1	3	2	9	15
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.182 ^a	12	.600
Likelihood Ratio	9.634	12	.648
Linear-by-Linear Association	.946	1	.331
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .02.

Importance of HRM * Appraisal Local

Crosstab

Count

		Appraisal Local					Total
		1	2	3	4	5	
Importance of HRM	2	0	1	0	0	0	1
	3	3	0	2	2	1	8
	4	5	2	6	2	3	18
	5	8	2	1	0	4	15
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.748 ^a	12	.159
Likelihood Ratio	15.673	12	.207
Linear-by-Linear Association	.250	1	.617
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .10.

Importance of HRM * Appraisal Adapted

Crosstab

Count

		Appraisal Adapted					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	0	1	1
	3	1	2	3	0	2	8
	4	3	0	4	2	9	18
	5	4	0	1	3	7	15
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.695 ^a	12	.206
Likelihood Ratio	15.167	12	.232
Linear-by-Linear Association	.064	1	.801
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .05.

Importance of HRM * Bonuses similar to HQ

Crosstab

Count

		Bonuses similar to HQ					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	1	0	1
	3	1	1	4	0	2	8
	4	0	0	6	9	3	18
	5	2	0	5	3	5	15
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.508 ^a	12	.215
Likelihood Ratio	17.884	12	.119
Linear-by-Linear Association	.263	1	.608
N of Valid Cases	42		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .02.

Importance of HRM * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	1	0	0	1
	3	3	1	1	2	1	8
	4	3	7	4	2	2	18
	5	4	1	3	2	5	15
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.596 ^a	12	.399
Likelihood Ratio	11.858	12	.457
Linear-by-Linear Association	.845	1	.358
N of Valid Cases	42		

a. 20 cells (100.0%) have expected count less than 5. The minimum expected count is .14.

Importance of HRM * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	1	0	1
	3	0	2	4	1	1	8
	4	3	1	5	4	5	18
	5	4	1	3	1	6	15
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.076 ^a	12	.296
Likelihood Ratio	13.464	12	.336
Linear-by-Linear Association	.006	1	.940
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .10.

Importance of HRM * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	1	0	1
	3	2	1	2	1	2	8
	4	1	7	7	1	2	18
	5	6	3	6	0	0	15
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	24.808 ^a	12	.016
Likelihood Ratio	19.341	12	.081
Linear-by-Linear Association	5.880	1	.015
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .07.

Importance of HRM * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	1	0	0	1
	3	2	0	1	2	3	8
	4	2	1	4	8	3	18
	5	0	1	5	1	8	15
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.617 ^a	12	.209
Likelihood Ratio	17.362	12	.136
Linear-by-Linear Association	1.746	1	.186
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .05.

Importance of HRM * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Importance of HRM	2	0	0	0	1	0	1
	3	2	1	4	0	1	8
	4	3	2	4	4	4	17
	5	1	2	4	4	4	15
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.743 ^a	12	.725
Likelihood Ratio	9.880	12	.627
Linear-by-Linear Association	1.282	1	.257
N of Valid Cases	41		

a. 20 cells (100.0%) have expected count less than 5. The minimum expected count is .12.

Importance of HRM * Recruitment of graduates

Crosstab

Count		Recruitment of graduates		Total
		no	yes	
Importance of HRM	2	1	0	1
	3	6	2	8
	4	7	11	18
	5	4	11	15
Total		18	24	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.430 ^a	3	.092
Likelihood Ratio	6.913	3	.075
Linear-by-Linear Association	5.696	1	.017
N of Valid Cases	42		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .43.

Importance of HRM * Internship

Crosstab

Count

		Internship		Total
		no	yes	
Importance of HRM	2	0	1	1
	3	5	3	8
	4	10	8	18
	5	4	11	15
Total		19	23	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.650 ^a	3	.199
Likelihood Ratio	5.130	3	.163
Linear-by-Linear Association	1.588	1	.208
N of Valid Cases	42		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .45.

Importance of HRM * Managers Development

Crosstab

Count		Managers Development				Total
		0	no	national	international	
Importance of HRM	2	0	1	0	0	1
	3	3	2	0	3	8
	4	1	6	2	9	18
	5	1	3	0	11	15
Total		5	12	2	23	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.496 ^a	9	.187
Likelihood Ratio	11.786	9	.226
Linear-by-Linear Association	4.686	1	.030
N of Valid Cases	42		

a. 13 cells (81.3%) have expected count less than 5. The minimum expected count is .05.

Transfer of HRM * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
Transfer of HRM	2	1	1	0	0	2
	3	2	1	2	2	7
	4	0	6	16	1	23
	5	2	1	3	4	10
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	19.624 ^a	9	.020
Likelihood Ratio	21.904	9	.009
Linear-by-Linear Association	2.999	1	.083
N of Valid Cases	42		

a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is .24.

Transfer of HRM * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Transfer of HRM	2	0	0	0	1	1	2
	3	1	2	0	3	1	7
	4	2	7	4	8	2	23
	5	1	3	5	1	0	10
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.554 ^a	12	.330
Likelihood Ratio	14.807	12	.252
Linear-by-Linear Association	3.471	1	.062
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .19.

Transfer of HRM * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Transfer of HRM	2	1	0	0	0	1	2
	3	3	2	0	0	2	7
	4	4	2	3	8	6	23
	5	0	1	2	5	2	10
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.436 ^a	12	.338
Likelihood Ratio	17.765	12	.123
Linear-by-Linear Association	2.795	1	.095
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .24.

Transfer of HRM * Training similar to HQ

Crosstab

Count

		Training similar to HQ					Total
		1	2	3	4	5	
Transfer of HRM	2	1	0	0	1	0	2
	3	1	0	2	2	2	7
	4	0	6	5	10	2	23
	5	1	1	4	2	2	10
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.144 ^a	12	.234
Likelihood Ratio	15.707	12	.205
Linear-by-Linear Association	.055	1	.815
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .14.

Transfer of HRM * Training Local

Crosstab

Count

		Training Local					Total
		1	2	3	4	5	
Transfer of HRM	2	0	1	0	0	1	2
	3	1	1	2	1	2	7
	4	7	2	1	10	3	23
	5	1	3	2	3	1	10
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.450 ^a	12	.337
Likelihood Ratio	13.801	12	.314
Linear-by-Linear Association	.299	1	.585
N of Valid Cases	42		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .24.

Transfer of HRM * Training Adapted

Crosstab

Count

		Training Adapted					Total
		1	2	3	4	5	
Transfer of HRM	2	1	0	0	0	1	2
	3	0	3	1	0	3	7
	4	5	2	5	5	6	23
	5	1	0	1	4	3	9
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.541 ^a	12	.213
Likelihood Ratio	17.318	12	.138
Linear-by-Linear Association	.637	1	.425
N of Valid Cases	41		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .24.

Transfer of HRM * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Transfer of HRM	2	1	0	0	1	0	2
	3	0	2	0	2	3	7
	4	0	0	5	7	11	23
	5	0	0	2	1	7	10
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	35.422 ^a	12	.000
Likelihood Ratio	21.269	12	.047
Linear-by-Linear Association	5.544	1	.019
N of Valid Cases	42		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .05.

Transfer of HRM * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
Transfer of HRM	2	0	1	0	0	1	2
	3	2	1	2	1	1	7
	4	8	2	6	3	4	23
	5	6	1	1	0	2	10
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.129 ^a	12	.692
Likelihood Ratio	9.981	12	.618
Linear-by-Linear Association	1.480	1	.224
N of Valid Cases	42		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .19.

Transfer of HRM * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
Transfer of HRM	2	1	0	0	0	1	2
	3	1	1	2	0	3	7
	4	3	1	5	3	11	23
	5	3	0	1	2	4	10
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.059 ^a	12	.854
Likelihood Ratio	8.217	12	.768
Linear-by-Linear Association	.042	1	.838
N of Valid Cases	42		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .10.

Transfer of HRM * Bonuses similar to HQ

Crosstab

Count		Bonuses similar to HQ					Total
		1	2	3	4	5	
Transfer of HRM	2	0	0	1	1	0	2
	3	1	1	2	2	1	7
	4	2	0	9	7	5	23
	5	0	0	3	3	4	10
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.953 ^a	12	.707
Likelihood Ratio	8.570	12	.739
Linear-by-Linear Association	2.444	1	.118
N of Valid Cases	42		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .05.

Transfer of HRM * Bonuses Local

Crosstab

Count

		Bonuses Local					Total
		1	2	3	4	5	
Transfer of HRM	2	0	1	1	0	0	2
	3	3	1	1	1	1	7
	4	5	6	4	4	4	23
	5	2	1	3	1	3	10
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.559 ^a	12	.885
Likelihood Ratio	7.155	12	.847
Linear-by-Linear Association	1.174	1	.279
N of Valid Cases	42		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .29.

Transfer of HRM * Bonuses Adapted

Crosstab

Count

		Bonuses Adapted					Total
		1	2	3	4	5	
Transfer of HRM	2	0	1	0	1	0	2
	3	2	0	2	2	1	7
	4	4	2	7	3	7	23
	5	1	1	3	1	4	10
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.868 ^a	12	.628
Likelihood Ratio	9.753	12	.638
Linear-by-Linear Association	.788	1	.375
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .19.

Transfer of HRM * Benefits similar to HQ

Crosstab

Count

		Benefits similar to HQ					Total
		1	2	3	4	5	
Transfer of HRM	2	1	0	0	1	0	2
	3	2	2	2	1	0	7
	4	2	6	10	1	4	23
	5	4	3	3	0	0	10
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.080 ^a	12	.188
Likelihood Ratio	16.444	12	.172
Linear-by-Linear Association	.552	1	.457
N of Valid Cases	42		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .14.

Transfer of HRM * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Transfer of HRM	2	0	0	1	0	1	2
	3	0	1	0	4	2	7
	4	4	0	7	6	6	23
	5	0	1	3	1	5	10
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.380 ^a	12	.277
Likelihood Ratio	18.285	12	.107
Linear-by-Linear Association	.002	1	.961
N of Valid Cases	42		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .10.

Transfer of HRM * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Transfer of HRM	2	1	0	0	1	0	2
	3	2	1	2	0	1	6
	4	3	4	8	4	4	23
	5	0	0	2	4	4	10
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.822 ^a	12	.312
Likelihood Ratio	17.254	12	.140
Linear-by-Linear Association	6.731	1	.009
N of Valid Cases	41		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .24.

Transfer of HRM * Recruitment of graduates

Crosstab

Count

		Recruitment of graduates		Total
		no	yes	
Transfer of HRM	2	2	0	2
	3	4	3	7
	4	10	13	23
	5	2	8	10
Total		18	24	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.387 ^a	3	.146
Likelihood Ratio	6.303	3	.098
Linear-by-Linear Association	4.954	1	.026
N of Valid Cases	42		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .86.

Transfer of HRM * Internship

Crosstab

Count

		Internship		Total
		no	yes	
Transfer of HRM	2	1	1	2
	3	3	4	7
	4	14	9	23
	5	1	9	10
Total		19	23	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.315 ^a	3	.063
Likelihood Ratio	8.219	3	.042
Linear-by-Linear Association	1.986	1	.159
N of Valid Cases	42		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .90.

Transfer of HRM * Managers Development

Crosstab

Count

		Managers Development				Total
		0	no	national	international	
Transfer of HRM	2	1	1	0	0	2
	3	1	3	0	3	7
	4	3	6	2	12	23
	5	0	2	0	8	10
Total		5	12	2	23	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.935 ^a	9	.443
Likelihood Ratio	10.657	9	.300
Linear-by-Linear Association	5.872	1	.015
N of Valid Cases	42		

a. 13 cells (81.3%) have expected count less than 5. The minimum expected count is .10.

CROSSTABS

```

/TABLES=Education Foreignexp BY HQR LocalR DiffusedR HQT LocalT DiffusedT
HQA LocalA DiffusedA
HQC LocalC DiffusedC HQB LocalB DiffusedB Graduates Internships Manager
Develop
/FORMAT=AVALUE TABLES
/STATISTICS=CHISQ
/CELLS=COUNT
/COUNT ROUND CELL.

```

Crosstabs

Notes

Output Created		09-DEC-2015 09:32:...
Comments		
Input	Data	/Users/helga_nov/Desktop/PhD/Interview/transcripts/Ukraine/Ukraine_analysis.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
Missing Value Handling	N of Rows in Working Data File	42
	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=Education Foreignexp BY HQR LocalR DiffusedR HQT LocalT DiffusedT HQA LocalA DiffusedA HQC LocalC DiffusedC HQB LocalB DiffusedB Graduates Internships ManagerDevelop /FORMAT=AVALUE TABLES /STATISTICS=CHISQ /CELLS=COUNT /COUNT ROUND CELL.
Resources	Processor Time	00:00:00.17
	Elapsed Time	00:00:01.00
	Dimensions Requested	2
	Cells Available	524245

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Education * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Education * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Training Local	42	100.0%	0	0.0%	42	100.0%
Education * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Education * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Education * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%
Education * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Education * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Education * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Education * Benefits Local	42	100.0%	0	0.0%	42	100.0%
Education * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%
Education * Recruitment of graduates	42	100.0%	0	0.0%	42	100.0%
Education * Internship	42	100.0%	0	0.0%	42	100.0%
Education * Managers Development	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Foreign Experience * Recruitment similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Recruitment Local	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Recruitment Adapted	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Training similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Training Local	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Training Adapted	41	97.6%	1	2.4%	42	100.0%
Foreign Experience * Appraisal similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Appraisal Local	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Appraisal Adapted	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Bonuses similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Bonuses Local	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Bonuses Adapted	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Benefits similar to HQ	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Benefits Local	42	100.0%	0	0.0%	42	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Foreign Experience * Benefits Adapted	41	97.6%	1	2.4%	42	100.0%
Foreign Experience * Recruitment of graduates	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Internship	42	100.0%	0	0.0%	42	100.0%
Foreign Experience * Managers Development	42	100.0%	0	0.0%	42	100.0%

Education * Recruitment similar to HQ

Crosstab

Count

		Recruitment similar to HQ				Total
		2	3	4	5	
Education	State	5	6	15	4	30
	International	0	3	6	3	12
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.800 ^a	3	.423
Likelihood Ratio	4.109	3	.250
Linear-by-Linear Association	1.726	1	.189
N of Valid Cases	42		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.43.

Education * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Education	State	2	6	7	11	4	30
	International	2	6	2	2	0	12
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.485 ^a	4	.166
Likelihood Ratio	7.377	4	.117
Linear-by-Linear Association	5.764	1	.016
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

Education * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Education	State	8	3	5	9	5	30
	International	0	2	0	4	6	12
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.187 ^a	4	.057
Likelihood Ratio	12.318	4	.015
Linear-by-Linear Association	5.354	1	.021
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.43.

Education * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Education	State	3	6	9	9	3	30
	International	0	1	2	6	3	12
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.792 ^a	4	.309
Likelihood Ratio	5.574	4	.233
Linear-by-Linear Association	4.395	1	.036
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

Education * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Education	State	7	0	4	12	7	30
	International	2	7	1	2	0	12
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	22.058 ^a	4	.000
Likelihood Ratio	24.233	4	.000
Linear-by-Linear Association	5.482	1	.019
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.43.

Education * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Education	State	6	4	7	7	5	29
	International	1	1	0	2	8	12
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.618 ^a	4	.031
Likelihood Ratio	11.968	4	.018
Linear-by-Linear Association	5.716	1	.017
N of Valid Cases	41		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is 1.46.

Education * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Education	State	1	2	6	5	16	30
	International	0	0	1	6	5	12
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.770 ^a	4	.217
Likelihood Ratio	6.302	4	.178
Linear-by-Linear Association	.437	1	.509
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .29.

Education * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
Education	State	11	2	7	3	7	30
	International	5	3	2	1	1	12
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.692 ^a	4	.449
Likelihood Ratio	3.588	4	.465
Linear-by-Linear Association	1.289	1	.256
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

Education * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
Education	State	7	2	6	3	12	30
	International	1	0	2	2	7	12
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.819 ^a	4	.588
Likelihood Ratio	3.491	4	.479
Linear-by-Linear Association	2.246	1	.134
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .57.

Education * Bonuses similar to HQ

Crosstab

Count		Bonuses similar to HQ					Total
		1	2	3	4	5	
Education	State	2	1	11	8	8	30
	International	1	0	4	5	2	12
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.443 ^a	4	.837
Likelihood Ratio	1.707	4	.789
Linear-by-Linear Association	.018	1	.894
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .29.

Education * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
Education	State	7	6	5	5	7	30
	International	3	3	4	1	1	12
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.650 ^a	4	.618
Likelihood Ratio	2.780	4	.595
Linear-by-Linear Association	.892	1	.345
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.71.

Education * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Education	State	6	4	11	2	7	30
	International	1	0	1	5	5	12
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.017 ^a	4	.017
Likelihood Ratio	12.953	4	.012
Linear-by-Linear Association	4.971	1	.026
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.14.

Education * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
Education	State	8	7	12	0	3	30
	International	1	4	3	3	1	12
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.737 ^a	4	.045
Likelihood Ratio	10.044	4	.040
Linear-by-Linear Association	1.409	1	.235
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

Education * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Education	State	3	1	8	9	9	30
	International	1	1	3	2	5	12
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.416 ^a	4	.841
Likelihood Ratio	1.412	4	.842
Linear-by-Linear Association	.038	1	.846
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .57.

Education * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Education	State	4	3	12	6	4	29
	International	2	2	0	3	5	12
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.368 ^a	4	.079
Likelihood Ratio	11.381	4	.023
Linear-by-Linear Association	1.093	1	.296
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.46.

Education * Recruitment of graduates

Crosstab

Count

		Recruitment of graduates		Total
		no	yes	
Education	State	11	19	30
	International	7	5	12
Total		18	24	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	1.643 ^a	1	.200	.302	.174
Continuity Correction ^b	.877	1	.349		
Likelihood Ratio	1.634	1	.201		
Fisher's Exact Test					
Linear-by-Linear Association	1.604	1	.205		
N of Valid Cases	42				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.14.

b. Computed only for a 2x2 table

Education * Internship

Crosstab

Count

		Internship		Total
		no	yes	
Education	State	14	16	30
	International	5	7	12
Total		19	23	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.086 ^a	1	.769	1.000	.521
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.087	1	.768		
Fisher's Exact Test					
Linear-by-Linear Association	.084	1	.771		
N of Valid Cases	42				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.43.

b. Computed only for a 2x2 table

Education * Managers Development

Crosstab

Count

		Managers Development				Total
		0	no	national	international	
Education	State	4	7	2	17	30
	International	1	5	0	6	12
Total		5	12	2	23	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.058 ^a	3	.560
Likelihood Ratio	2.548	3	.467
Linear-by-Linear Association	.144	1	.705
N of Valid Cases	42		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .57.

Foreign Experience * Recruitment similar to HQ

Crosstab

Count		Recruitment similar to HQ				Total
		2	3	4	5	
Foreign Experience	no	4	8	13	5	30
	yes	1	1	8	2	12
Total		5	9	21	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.458 ^a	3	.483
Likelihood Ratio	2.686	3	.443
Linear-by-Linear Association	.866	1	.352
N of Valid Cases	42		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.43.

Foreign Experience * Recruitment Local

Crosstab

Count		Recruitment Local					Total
		1	2	3	4	5	
Foreign Experience	no	3	8	6	9	4	30
	yes	1	4	3	4	0	12
Total		4	12	9	13	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.889 ^a	4	.756
Likelihood Ratio	2.974	4	.562
Linear-by-Linear Association	.439	1	.508
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

Foreign Experience * Recruitment Adapted

Crosstab

Count		Recruitment Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	7	5	4	9	5	30
	yes	1	0	1	4	6	12
Total		8	5	5	13	11	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.860 ^a	4	.143
Likelihood Ratio	8.016	4	.091
Linear-by-Linear Association	5.354	1	.021
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.43.

Foreign Experience * Training similar to HQ

Crosstab

Count		Training similar to HQ					Total
		1	2	3	4	5	
Foreign Experience	no	3	6	8	9	4	30
	yes	0	1	3	6	2	12
Total		3	7	11	15	6	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.936 ^a	4	.569
Likelihood Ratio	3.794	4	.435
Linear-by-Linear Association	2.242	1	.134
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

Foreign Experience * Training Local

Crosstab

Count		Training Local					Total
		1	2	3	4	5	
Foreign Experience	no	7	4	3	10	6	30
	yes	2	3	2	4	1	12
Total		9	7	5	14	7	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.898 ^a	4	.755
Likelihood Ratio	1.936	4	.748
Linear-by-Linear Association	.195	1	.659
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.43.

Foreign Experience * Training Adapted

Crosstab

Count		Training Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	7	4	6	5	7	29
	yes	0	1	1	4	6	12
Total		7	5	7	9	13	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.655 ^a	4	.155
Likelihood Ratio	8.516	4	.074
Linear-by-Linear Association	5.716	1	.017
N of Valid Cases	41		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is 1.46.

Foreign Experience * Appraisal similar to HQ

Crosstab

Count		Appraisal similar to HQ					Total
		1	2	3	4	5	
Foreign Experience	no	1	1	6	5	17	30
	yes	0	1	1	6	4	12
Total		1	2	7	11	21	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.120 ^a	4	.190
Likelihood Ratio	6.132	4	.190
Linear-by-Linear Association	.109	1	.741
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .29.

Foreign Experience * Appraisal Local

Crosstab

Count		Appraisal Local					Total
		1	2	3	4	5	
Foreign Experience	no	13	1	6	2	8	30
	yes	3	4	3	2	0	12
Total		16	5	9	4	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.436 ^a	4	.022
Likelihood Ratio	12.806	4	.012
Linear-by-Linear Association	.482	1	.488
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.14.

Foreign Experience * Appraisal Adapted

Crosstab

Count		Appraisal Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	7	2	6	4	11	30
	yes	1	0	2	1	8	12
Total		8	2	8	5	19	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.748 ^a	4	.441
Likelihood Ratio	4.361	4	.359
Linear-by-Linear Association	2.949	1	.086
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .57.

Foreign Experience * Bonuses similar to HQ

Crosstab

Count		Bonuses similar to HQ					Total
		1	2	3	4	5	
Foreign Experience	no	3	1	12	7	7	30
	yes	0	0	3	6	3	12
Total		3	1	15	13	10	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.119 ^a	4	.390
Likelihood Ratio	5.080	4	.279
Linear-by-Linear Association	2.003	1	.157
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .29.

Foreign Experience * Bonuses Local

Crosstab

Count		Bonuses Local					Total
		1	2	3	4	5	
Foreign Experience	no	7	7	4	6	6	30
	yes	3	2	5	0	2	12
Total		10	9	9	6	8	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.849 ^a	4	.211
Likelihood Ratio	7.140	4	.129
Linear-by-Linear Association	.223	1	.637
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.71.

Foreign Experience * Bonuses Adapted

Crosstab

Count		Bonuses Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	6	4	11	2	7	30
	yes	1	0	1	5	5	12
Total		7	4	12	7	12	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.017 ^a	4	.017
Likelihood Ratio	12.953	4	.012
Linear-by-Linear Association	4.971	1	.026
N of Valid Cases	42		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.14.

Foreign Experience * Benefits similar to HQ

Crosstab

Count		Benefits similar to HQ					Total
		1	2	3	4	5	
Foreign Experience	no	7	8	12	1	2	30
	yes	2	3	3	2	2	12
Total		9	11	15	3	4	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.760 ^a	4	.439
Likelihood Ratio	3.453	4	.485
Linear-by-Linear Association	1.409	1	.235
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .86.

Foreign Experience * Benefits Local

Crosstab

Count		Benefits Local					Total
		1	2	3	4	5	
Foreign Experience	no	2	2	10	7	9	30
	yes	2	0	1	4	5	12
Total		4	2	11	11	14	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.423 ^a	4	.352
Likelihood Ratio	5.338	4	.254
Linear-by-Linear Association	.216	1	.642
N of Valid Cases	42		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .57.

Foreign Experience * Benefits Adapted

Crosstab

Count		Benefits Adapted					Total
		1	2	3	4	5	
Foreign Experience	no	4	5	9	8	3	29
	yes	2	0	3	1	6	12
Total		6	5	12	9	9	41

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.736 ^a	4	.045
Likelihood Ratio	10.702	4	.030
Linear-by-Linear Association	2.429	1	.119
N of Valid Cases	41		

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is 1.46.

Foreign Experience * Recruitment of graduates

Crosstab

Count		Recruitment of graduates		Total
		no	yes	
Foreign Experience	no	12	18	30
	yes	6	6	12
Total		18	24	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.350 ^a	1	.554	.732	.400
Continuity Correction ^b	.061	1	.805		
Likelihood Ratio	.348	1	.555		
Fisher's Exact Test					
Linear-by-Linear Association	.342	1	.559		
N of Valid Cases	42				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.14.

b. Computed only for a 2x2 table

Foreign Experience * Internship

Crosstab

Count		Internship		Total
		no	yes	
Foreign Experience	no	14	16	30
	yes	5	7	12
Total		19	23	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.086 ^a	1	.769	1.000	.521
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.087	1	.768		
Fisher's Exact Test					
Linear-by-Linear Association	.084	1	.771		
N of Valid Cases	42				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.43.

b. Computed only for a 2x2 table

Foreign Experience * Managers Development

Crosstab

Count		Managers Development				Total
		0	no	national	international	
Foreign Experience	no	3	7	2	18	30
	yes	2	5	0	5	12
Total		5	12	2	23	42

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.654 ^a	3	.448
Likelihood Ratio	3.139	3	.371
Linear-by-Linear Association	1.598	1	.206
N of Valid Cases	42		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .57.

Spearman's rho

Size	Correlation Coefficient	0.1	-0.256	-0.171	-0.062	0.163	0.014	0.175	-0.201	0.179	-0.217	-0.108	-0.116	-0.086	-0.195	0.025	-0.131	0.109	0.135	0.072	-0.126	0.144	0.002	0.015	-0.078	0.028	-0.095	0.128	0.208	-0.102	0.223	0.065	-0.154	0.16	0.113	-0.008	0.116	0.005	0.046	0.017	-0.227	0.13	0.005	-0.234	0.115	-0.012	-0.084	0.235	-0.39*	0.034
Age	Correlation Coefficient	0.256	1	-0.483**	0.254	0.06	0.118	0.29	0.18	0.2	0.18	0.478**	-0.008	-0.215	0.142	0.029	-0.041	0.093	-0.3	0.006	-0.278	-0.171	-0.351*	-0.161	-0.157	0.277	-0.265	-0.359*	-0.213	-0.221	0.134	0.114	-0.094	-0.245	0.111	-0.302	0.037	-0.031	0.178	-0.204	0.05	0.112	-0.057	-0.024	0.029	0.229	-0.089	0.054		
Type of foundation	Correlation Coefficient	0.165	0.483**	1	0.06	0.118	0.29	0.18	0.2	0.18	0.478**	-0.008	-0.215	0.142	0.029	-0.041	0.093	-0.3	0.006	-0.278	-0.171	-0.351*	-0.161	-0.157	0.277	-0.265	-0.359*	-0.213	-0.221	0.134	0.114	-0.094	-0.245	0.111	-0.302	0.037	-0.031	0.178	-0.204	0.05	0.112	-0.057	-0.024	0.029	0.229	-0.089	0.054			
Ownership	Correlation Coefficient	0.299	0.002	0.064	1	0.684	0.623	0.092	0.555	0.894	0.493	0.57	0.03	0.131	0.313	0.909	0.209	0.432	0.012	0.068	0.631	0.039	0.159	0.881	0.462	0.114	0.069	0.011	0.3	0.596	0.882	0.191	0.153	0.535	0.018	0.298	0.765	0.62	0.01	0.521	0.619	0.005	0.767	0.668	0.474	0.585	0.211			
Management	Correlation Coefficient	0.163	0.06	0.079	0.155	1	-0.194	0.114	0.214	0.509	-0.051	0.134	0.005	-0.083	-0.088	0.193	0.219	-0.036	-0.01	0.04	-0.098	-0.191	-0.111	-0.196	0.035	0.065	0.02	0.072	-0.055	0.063	-0.173	0.147	-0.197	0.03	-0.154	0.202	0.081	0.214	-0.023	0.044	0.032	-0.141	0.079	0.029	0.118	-0.04	-0.136	0.058		
Education	Correlation Coefficient	0.163	0.06	0.079	0.155	1	-0.194	0.114	0.214	0.509	-0.051	0.134	0.005	-0.083	-0.088	0.193	0.219	-0.036	-0.01	0.04	-0.098	-0.191	-0.111	-0.196	0.035	0.065	0.02	0.072	-0.055	0.063	-0.173	0.147	-0.197	0.03	-0.154	0.202	0.081	0.214	-0.023	0.044	0.032	-0.141	0.079	0.029	0.118	-0.04	-0.136	0.058		
Foreign Experience	Correlation Coefficient	0.175	0.29	-0.095	0.099	0.214	0.177**	1	0.234	0.02	0.208	0.23	0.088	0.138	0.088	0.137	0.11	0.09	0.231	0.275	0.152	-0.217	-0.127	-0.037	-0.086	-0.261	0.124	0.153	-0.067	-0.217	0.118	0.155	-0.101	0.378*	0.091	-0.045	0.288	-0.191	0.226	-0.081	0.373*	0.118	0.075	0.278	0.163	0.129	0.267			
Dependence on HQ's Product	Correlation Coefficient	0.214	0.261	0.084	0.122	0.096	0.175	0.136	1	0.777**	0	0.003	0.052	0.627	0.661	0.531	0.292	0.073	0.177	0.599	0.979	0.167	0.491	0.361	0.205	0.987	0.238	0.55	0.882	0.527	0.695	0.358	0.146	0.491	0.264	0.004	0.525	0.386	0.004	0.283	0.872	0.877	0.018	0.008	0.917	0.541	0.201	0.085		
Dependence on HQ's Technology	Correlation Coefficient	0.217	0.27	0.11	0.222	0.091	0.168	0.199	0.777**	1	0.419**	-0.152	-0.106	-0.011	0.033	0.132	0.351*	-0.157	0.082	0.086	-0.18	-0.006	-0.142	0.055	0.138	0.148	-0.031	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001			
Dependence on HQ's Purchasing	Correlation Coefficient	0.108	0.18	-0.006	0.159	0.194	0.034	0.208	0.549**	0.416**	1	0.775**	-0.203	-0.02	0.202	0.178	0.088	0.113	-0.147	-0.068	-0.025	0.078	0.019	0.01	0.439**	0.15	-0.007	0.009	0.313*	-0.027	-0.004	0.348*	0.047	0.105	0.25	-0.302	0.264	0.088	0.281	0.28	0.214	-0.025	0.475**	0.002						
Dependence on HQ's Sales	Correlation Coefficient	0.116	0.478**	-0.39*	0.261	0.005	0.036	0.213	0.511**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Corporate Strategy	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Retaining employees	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Task fragmentation	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Involvement	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Separation	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Delegation	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Formal control (Strategy)	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Formal control (Procedures)	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Formal control (Results)	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Formal control (Plans)	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Informal control (Training)	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Informal control (Culture)	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Informal control (Communication)	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
Managerial Control	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0.093	0.114	0.344**	0.084	-0.102	0.428**	-0.385*	0.091	0.078	0.099	0.049	0.288	-0.092	0.136			
HR manager on Board of Directors	Correlation Coefficient	0.177	0.22	0.084	0.122	0.096	0.175	0.136	0.775**	0.455**	0.775**	1	0.017	-0.157	0.032	0.005	0.155	0.074	-0.239	-0.091	-0.064	-0.027	0.019	-0.104	-0.127	0.298	-0.002	-0.004	-0.138	-0.226	-0.008	-0.191	0.24	0																